

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WAVERLY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

Prepared by the
Finance Department
Jack Bachhuber, Finance Director

**CITY OF WAVERLY, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008
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December 12, 2008

Honorable Mayor and City Council
City of Waverly
Waverly, Iowa

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Waverly. This report is for the fiscal year ended June 30, 2008. The report is submitted each year as required by State Law, Chapter 11.6. The report is prepared according to generally accepted accounting principles (GAAP) for government as established by the Governmental Accounting Standards Board (GASB). It is audited by Williams & Company, P.C.

The City's Department of Accounting prepared our report. Management of the city is responsible for the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures. To the best of our knowledge and belief, the enclosed information is accurate in all material aspects and is presented in a manner designed to fairly present the financial position and results of operations of the city as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain a complete understanding of the City of Waverly's financial activities have been included. Management of the city has established a comprehensive internal control framework that is designed both to protect the city's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statement in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the City of Waverly's internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statement will be free from material misstatement.

This report is designed to meet the needs of a wide range of financial statement readers, and is presented in three sections.

The **Introductory Section** consists of this transmittal letter, a table of contents, a list of the City's principal elected and appointed officials, an organizational chart.

The **Financial Section** consists of the Independent Auditor's Report completed by Williams & Company, Management's Discussion and Analysis, Government Wide Financial Statements, the Fund Financial Statements, Notes to the Financial Statements, and Other Required Combining and Supplemental Information.

The **Statistical Section**, which is unaudited, consists of selected financial and demographic information for ten years, generally presented on a multi-year basis. This section is intended to offer the reader a better overall picture of the financial and economic trends of the City of Waverly.

GAAP require that management provide an introduction, overview and analysis to accompany the basic financial statement, in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement MD&A, found immediately following the report of the City's independent auditors, and should be read in conjunction therewith. State statutes and the City Code require an annual audit by independent certified public accountants to provide reasonable assurance that the information in the CAFR can be relied upon. The auditors' report is included in the financial section of the report.

PROFILE OF THE CITY OF WAVERLY

The City of Waverly was incorporated in 1859 under the provisions of the Iowa State Legislature. It is located in Bremer County along the Cedar River in northeast Iowa, about 15 miles north of the Waterloo-Cedar Falls metropolitan area. Highways serving the area include State Highway 3 and U.S. Highway 218 that is connected to Interstate Highway 380, Avenue of the Saints. The 2007 estimated population of 9,269 is located within an 11.3 square mile incorporated area.

The City of Waverly operates under a Mayor-council form of government. One council member is elected from each of the City's five wards, and two are elected at-large. The City administrator is responsible for the day-to-day management of the City. All departments and department directors report to the City Administrator, with the exception of the Library Director who is supervised by an appointed Board of Trustees.

FINANCIAL INFORMATION

The City of Waverly maintains an internal control structure designed to provide reasonable, but not absolute assurance that the assets of the city are protected from loss, theft, or fraud and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The requirement for reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City recognizes the importance of leadership from management in these controls. The City Council has adopted a personnel policy that provides guidance as to certain elements of the internal control structure. The employees are updated on changes to these ethics and personnel policies to stress that internal control is an important element of the public's trust. The City has incorporated the personnel policy in the training of all employees and elected officials.

The foundation of the City's financial planning and control is the annual budget. The budget process includes sessions with staff, management, and the City Council. To ensure compliance with legal budgetary controls, the City Council and management receive monthly reports comparing budgeted amounts to actual expenditures. The City Council may make additional appropriations during the year for unanticipated revenues or capital projects which were not completed in the prior year. Budget-to-actual comparisons by 9 major functions are provided in the Required Supplemental Information section of this report.

Project length budgets are prepared for the various capital project funds. A "Ten Year Capital Improvement Plan" is prepared and reviewed annually with the City Council. This plan defines the long-term capital plan of the City while each specific capital project is appropriated through different revenue streams. The budget document presents function disbursements by fund; however the formal and legal level of budgetary control is at the aggregated function level, not by fund. After adoption, budget adjustments in these functions are authorized by the City Council.

State laws require audits for cities such as Waverly to be conducted by the auditor of the state or by certified public accountants. In addition to meeting state requirements, the audit must meet the requirements of the federal Single Audit Act of 1984, and the Single Audit Act amendments of 1996 which substantially revised various provisions of the 1984 Act, and the related U.S. Office of Management and Budget's Circular A-133. An audit is conducted annually in accordance with generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards. It must examine, among other things, the financial condition and resources of the City, and accuracy of the City's accounts and reports. The audit report is contained in the Financial Section which follows.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. The City of Waverly is the largest city in Bremer County, and also the County Seat. Waverly offers a convenient small town atmosphere while being only a 25 minute drive to a large metropolitan area. The last five year census show Waverly growing at an annual rate of .5%. The decrease in building permit values, from last year, is mainly due to several large projects in the 06-07 fiscal year. Although the FY 2008 was slow

there are numerous building projects in the works, including Walgreens Drugstore, a bank, and industrial park expansions. These increases will allow the City to continue receiving increased intergovernmental revenues.

The City benefits from a prosperous downtown retail area plus other shopping areas on the south and north side of the City. The retail economy is very important to Waverly and has gone through a period of expansion. Waverly is the home of Wartburg College, a private four-year college. Wartburg continues to expand its campus with major additions to the student union, science center, and dormitory facilities. On January 1, 2008 Wartburg College opened the new \$31 million Wartburg-Waverly Sports and Wellness Center. Wartburg College and the City of Waverly partnered in an innovative project to benefit both the college and community. The Wartburg-Waverly Sports and Wellness Center will be one of the largest NCAA Division III facilities of its kind in the nation. Waverly Parks and Recreation programs, community and college wellness programs, and Wartburg's 19 men's and women's sports will operate out of this center, which will provide Waverly's first indoor swimming facilities. The center will also include a state-of-the-art fitness center with climbing wall; a sports arena; an auxiliary gymnasium with jogging track; and a fieldhouse featuring a 200-meter competitive indoor track and space for four basketball or tennis courts. The facility will be open to the public for daily admission and yearly memberships. This addition will allow for the accommodation of the growing student population, and provide a regional wellness facility for the area. The college currently has a record enrollment of over 1,800 full-time students.

The City of Waverly is a growing manufacturing, retailing, educational and health services center in northeast Iowa. Major employers range from CUNA Mutual Life Insurance with 693 employees, Wartburg College with 502 employees, Waverly Shell-Rock Schools, with 428 employees, Waverly Health Center with 320 employees, Terex Cranes, Inc. with 273 employees, and Nestle Beverage, food products with 250 employees. These figures include both full-time and part-time employees.

Sales and use tax showed an increase of 22 percent compared to the 2006-2007 fiscal year, and the number of businesses reporting sales tax stayed even over the same time period. The significant increase in sales demonstrates a sound economy. Projections for next year include the construction of several new businesses along the southern business highway, along with a large retail business development in the downtown area. In July 2003 the City of Waverly started collecting local option sales tax which will allow the city to fund specific projects related to safety and infrastructure, without raising property taxes. A new \$3.5M fire station was completed this year which included a \$1M articulating boom fire truck. The revenue stream has consistently increased over the years with total receipts of \$803,000 in FY 2008. Future projects for these funds including bond payments and various street improvements.

The City's economic outlook continues to be positive, with industry and commercial business showing continued growth in product lines and employment. Bremer County's June 2008, unemployment rate of 3.7% compares favorably to the State's rate of 4.0% for the same period. The tax base for the City is showing favorable increases. At an average increase of 3.0% a year since 1999, growth in the City's taxable valuation has been excellent compared to other cities of similar size. Assessed valuations for the same period increased at a rate of 5.8%, but the state's residential rollback continues to affect the taxing ability of cities. The state rollback affected taxable valuation again this year. The 2008 FY rollback was 45.5596 percent compared to 45.9960 percent in FY 2007. Detail figures are provided in the statistical section.

As national news graphically pictured, the summer of 2008 was devastating for many cities in Iowa and The City of Waverly was one of the hardest affected by the flooding of the Cedar River. The flood stage in Waverly is listed at 11.5 feet, but on June 10 the flood waters exceeded 19 feet, making it the worst flood in history. Over 1,200 homes and businesses were flooded, with total public and private damages estimated at over \$10M. Waverly will suffer some loss in property valuation from this catastrophe, but will survive and become a better community. This flood will affect many residents and business owners for years, but public infrastructure and records were not greatly affected. The City of Waverly is working with national, state and local groups to develop immediate and long term goals to mitigate major flooding issues in the future.

Long-term Financial Planning. The City of Waverly operates with a cash and investment pool concept, whereby funds not individually invested to the credit of a particular fund are invested to the credit of the General Fund. This is consistent with state law, which provides that with the exception of bond covenants and local ordinances that require investments by fund, investments can be pooled and invested to the credit of the General Fund.

It is the policy of the City to invest public funds in a manner which will provide the maximum security, meet daily cash flow demands, and provide the highest investment return while conforming to all state and local statutes governing the investment of public funds.

The City may invest in any of the securities identified as eligible investments defined in the City of Waverly Investment Policy. In general these consist of interest bearing savings accounts, certificates of deposits, United States Treasury Notes and Bonds, Iowa Public Agency Investment Trust, and government sponsored securities.

The certificate of deposit annual interest rate averaged 4.72% compared to 5.27% last year. The return of Iowa Public Agency Investment Trust averaged 3.49% compared to 4.92% last year. These are two major investment areas, and the decreased rate of return affected interest revenue by \$100,961, compared to last year. At June 30, 2008 the city's investment position for all funds totaled \$8,318,184 compared to \$8,193,006 in 2007.

Risk Management. The City also manages a fully insured dental and vision plan for its employees via a risk-retention plan administered by a third party administrator. Costs of the programs include medical benefits, administration fees, and premiums. On January 1, 2007 the city moved from a partial self insured health insurance plan with a \$25,000 stop loss, to a fully insured plan with Wellmark, with a high deductible of \$5,000/\$10,000. The City covers the difference between the high deductible and our contracted \$250/\$500 deductible. In the first year the City of Waverly decreased previous budgeted costs by an estimated \$196,000. The State of Iowa considers this a mini self-insurance plan, and still requires an actuarial report. An annual actuarial study provides analysis and information to help the City comply with local and state requirements. The City continues to analyze the insurance market, and educate employees to control rising health care costs. In the FY 2007-2008 the City initiated a partial wellness reimbursement program for memberships to the Wartburg Waverly Sports & Wellness Center. The City of Waverly is committed to empowering and educating employees in areas of health concerns.

The City is also exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductible and claims in the excess of coverage limitations.

Pension Benefits. All permanent City employees are covered by one of two pension plans. Most uniformed employees are included in the Municipal Fire and Police Retirement System of Iowa (MFPRSI), which is a cost-sharing, defined benefit plan, administered by a Board of Trustees appointed by the State of Iowa. All other eligible City employees are covered by the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing, defined benefit plan administered by the State of Iowa.

The City of Waverly does not provide no-cost postretirement health, dental, or vision care benefits for any retirees, but does follow State law requirements for retired municipal employees.

Awards and Acknowledgments. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly for its comprehensive annual financial report (CAFR) for the year ended June 30, 2007. In order to receive this award, the city must publish an easily readable and efficiently organized CAFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for one year only. The City is submitting the 2008 annual financial report to GFOA for review to determine its eligibility for an award.

The preparation of this report could not have been accomplished without the support and dedication of the entire staff of the finance and administrative departments. Appreciation is also expressed to the mayor and city council for their support and interest in the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



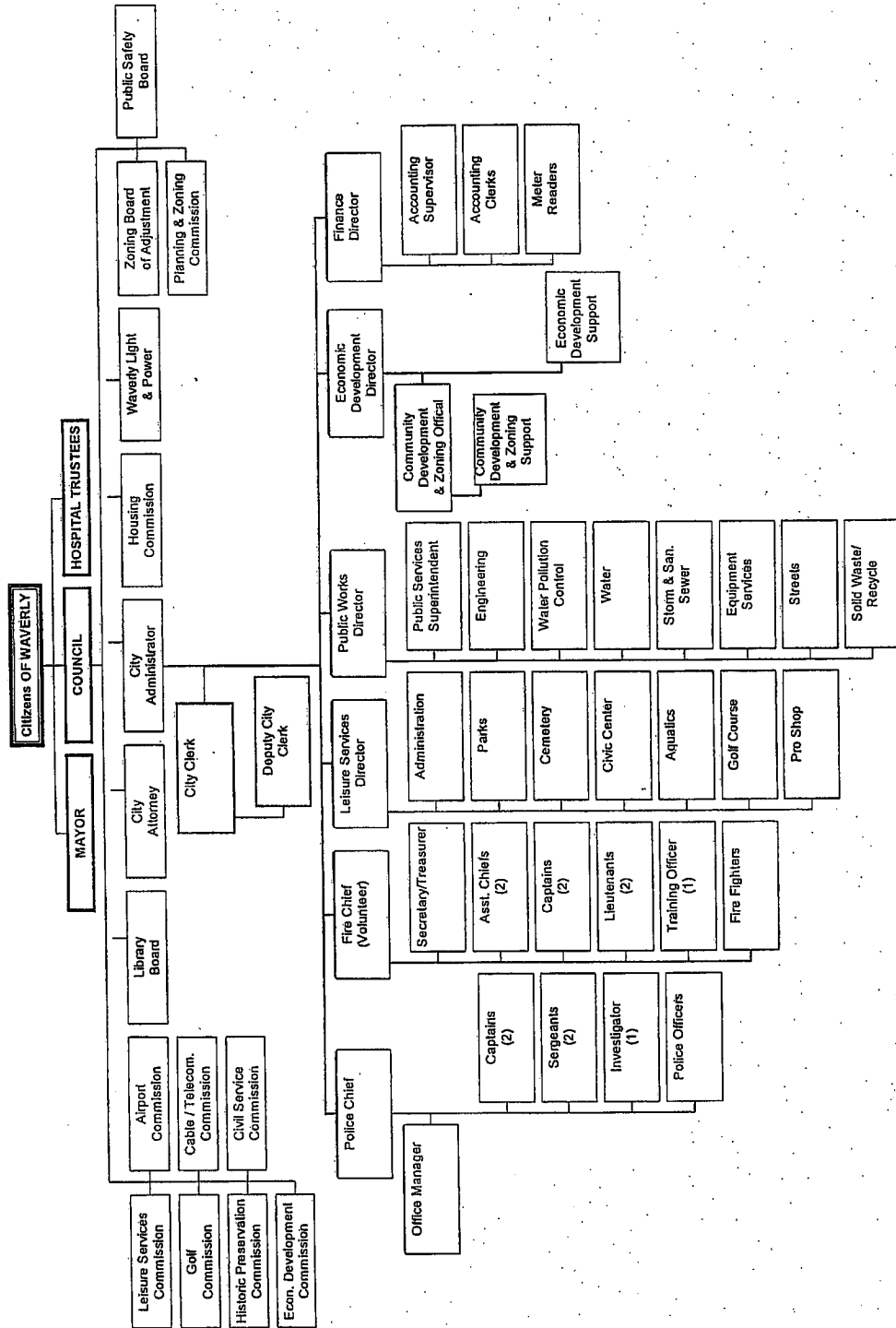
Richard J. Crayne
City Administrator



Jack A. Bachhuber
Director of Finance

Organizational Flow Chart

The City Of Waverly, Iowa



CITY OF WAVERLY, IOWA

List of Principal Officials June 30, 2008

ELECTED OFFICIALS

Mayor	Ivan Ackerman
Council Member – Ward 1	Eugene Lieb
Council Member – Ward 2	Gary Grace
Council Member – Ward 3	Cyndi Ecker
Council Member – Ward 4	Jim Vowels
Council Member – Ward 5	Fred Ribich
Council Member – At Large	Gary Boorum
Council Member – At Large	Duane Liddle

APPOINTED OFFICIALS

City Administrator/Clerk	Richard J. Crayne
Deputy City Clerk	JoEllen Raap
Attorney	Gerald B. Carney
Director of Finance	Jack Bachhuber
City Engineer/Director of Public Works	Michael Cherry
Police Chief	Richard Pursell
Director of Parks and Recreation	Tabor Ray
Fire Chief	Dennis Happel
Library Director	Sarah Meyer-Reyerson

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Waverly
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Egan

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waverly, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council
City of Waverly, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waverly, Iowa, (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of Waverly Health Center and Waverly Light and Power (discretely presented component units), which statements reflect total assets of \$42,857,242 and \$47,354,626 as of June 30, 2008 and December 31, 2007, respectively, and total operating revenues of \$38,195,527 and \$12,197,191 for the years then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Waverly Health Center and Waverly Light and Power, is based solely on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the

Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2008, on our consideration of the City of Waverly's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Waverly, Iowa. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The accompanying combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 12, 2008

Management's Discussion and Analysis

The discussion and analysis of the City of Waverly's financial statements for the year ended June 30, 2008 provides a narrative overview of its financial activities. Readers are encouraged to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which starts on page 1, of this report.

Financial Highlights

- The assets of the City of Waverly exceeded liabilities at June 30, 2008, by \$40,035,208. Of this amount, \$7,519,729 is unrestricted and may be used to meet the government's ongoing obligations to the citizens and creditors.
- The City's net assets increased by \$1,920,278 during the year. Of this amount the assets of our Governmental Activities increased \$1,739,234 and the assets of our Business Activities increased \$181,044.
- The City's long-term debt decreased approximately \$650,000. The City issued \$2,270,000 of general obligation bonds this year for a parking lot project, water main project and the refunding of two callable bonds. The City also issued \$770,000 of revenue refunding bonds to current refund \$830,000 of outstanding revenue bonds. Outstanding general obligation debt totals \$14,685,000 and other notes payable total \$238,158.
- The unreserved fund balance for the general fund, at the end of the current fiscal year was \$2,896,720. This represents 44.5 percent of total general fund expenditures. This is down from last year but above the city policy of maintaining a 25 percent fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Waverly's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Reporting the City as a Whole

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Waverly's finances, in a manner similar to a private-sector business. The *statement of net assets* is essentially a balance sheet that combines all funds on a government-wide basis. Changes in net assets over time may be an indicator of whether the City's financial position is improving or worsening.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in the net assets are reported as soon as the underlying event occurs, giving rise to the change regardless of the timing of the related cash flows. Thus,

revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Waverly that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Waverly include general government, public safety, public works, economic development, and culture and recreation. The business-type activities of the City include a water, sewer, and solid waste utility.

The government-wide financial statement includes not only the City of Waverly itself (*the primary government*), but also the legally separate Waverly Health Center and Waverly Light, & Power (*component units*), for which the City has some degree of financial accountability. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on page 22-24, of this report.

Reporting the City's Most Significant Funds

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Waverly, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Waverly maintains 36 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and individual fund statements in the City's full report.

The basic governmental fund financial statements can be found on page 25-30 of this report.

Proprietary funds. The City of Waverly maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, and Solid Waste Utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the partially self-insurance program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Solid Waste Utility as all are considered, or have been designated to be major funds of the City. The internal service fund is a single, aggregated presentation in the proprietary fund financial statements. Individual fund data is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on page 31-37 of this report.

Reporting the City's Fiduciary Responsibilities

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties external to the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Waverly's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements are reported in a separate *statement of fiduciary net assets* and a *statement of changes in fiduciary net assets*.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 39-59, of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, buildings and improvements, and equipment). Less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparative chart shows the changes in net assets for the years ended June 30, 2008 and 2007.

	General Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$ 13,526,592	\$ 13,209,413	\$ 2,654,047	\$ 2,335,759	\$ 16,180,639	\$ 15,545,172
Capital Assets	34,084,323	32,615,460	13,622,482	13,371,170	47,706,805	45,986,630
Total Assets	47,610,915	45,824,873	16,276,529	15,706,929	63,887,444	61,531,802
Long-Term Liabilities Outstanding	11,876,489	12,875,282	2,603,785	2,405,086	14,480,274	15,280,368
Other Liabilities	8,511,364	7,465,763	860,598	670,741	9,371,962	8,136,504
Total Liabilities	\$ 20,387,853	\$ 20,341,045	\$ 3,464,383	\$3,075,827	\$ 23,852,236	\$ 23,416,872
Net Assets:						
Invested in Capital Assets, Net of Related Debt	21,032,486	18,880,181	10,839,282	10,825,782	31,871,768	29,705,963
Restricted	461,043	907,320	182,668	294,728	643,711	1,202,048
Unrestricted	5,729,533	5,696,327	1,790,196	1,510,592	7,519,729	7,206,919
Total Net Assets	\$ 27,223,062	\$ 25,483,828	\$ 12,812,146	\$ 12,631,102	\$ 40,035,208	\$ 38,114,930

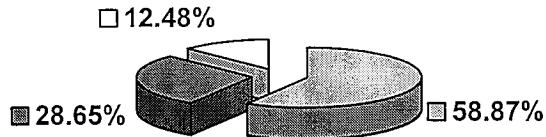
This summary reflects an increase of 6.8% for the governmental net assets and an increase of 1.4% in the business-type net assets.

Total revenue reported in Fiscal year 2008 was \$14,635,096. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2008 and 2007.

Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Program Revenues:						
Charges for Services	\$ 1,017,333	\$ 1,079,023	\$ 3,426,157	\$ 3,328,293	\$ 4,443,490	\$ 4,407,316
Operating Grants and Contributions	2,162,998	1,380,110	-	-	2,162,998	1,380,110
Capital Grants and Contributions	803,799	1,404,076	138,522	369,790	942,321	1,773,866
Total Program Revenues	3,984,130	3,863,209	3,564,679	3,698,083	7,548,809	7,561,292
General Revenues & Interfund Transfers:						
Property Taxes	\$ 5,269,029	\$ 4,955,605	\$ -	\$ -	\$ 5,269,029	\$ 4,955,605
Local Option Sales Tax	803,943	708,172	-	-	803,943	708,172
Hotel / Motel Taxes	173,098	144,854	-	-	173,098	144,854
Interest	193,573	283,245	70,915	103,118	264,488	386,363
General Intergovernmental Revenues	178,926	169,440	-	-	178,926	169,440
Gain(Loss) on Sale of Assets	259,062	910,094	-	-	259,062	910,094
Miscellaneous	75,766	53,029	61,975	53,757	137,741	106,786
Total General Revenues before Interfund Transfers	6,953,397	7,224,439	132,890	156,875	7,086,287	7,381,314
Interfund Transfers	134,503	194,469	(134,503)	(194,469)	-	-
Total General Revenues & Interfund Transfers	7,087,900	7,418,908	(1,613)	(37,594)	7,086,287	7,381,314
Total Revenues & Interfund Transfers						
	\$ 11,072,030	\$11,282,117	\$ 3,563,066	\$ 3,660,489	\$14,635,096	\$14,942,606

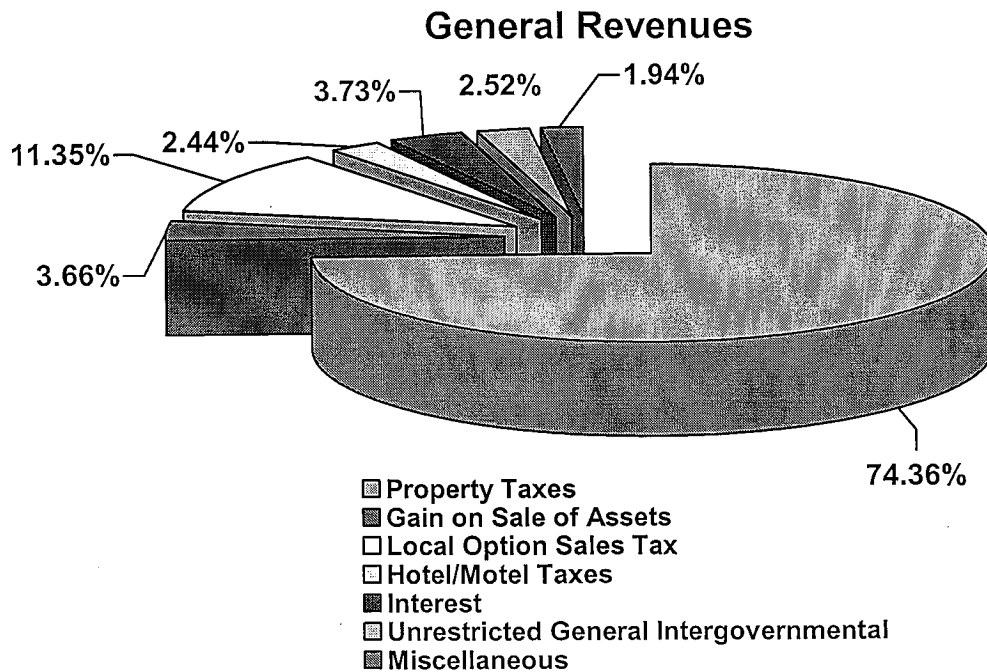
Program revenues totaled \$7,548,809 for fiscal year 2008. Governmental Activities provided \$3,984,130 and Business-Type Activities provided \$3,564,679. Revenue collected for Charges for Services during fiscal year 2008 was \$4,443,490 accounting for 59% of the total program revenues. The following chart breaks down program revenues by source:

Program Revenues



- Charges for Service
- Operating Grants and Contributions
- Capital Grants and Contributions

General Revenues for fiscal year 2008 totaled \$7,086,287. Governmental Activities provided \$7,087,900 and Business-Type Activities provided \$(1,613). Property Tax Revenues for fiscal year 2008 totaled \$5,269,029, accounting for 74% of General Revenues. The following chart breaks down General Revenues by source:



- Property Taxes
- Gain on Sale of Assets
- Local Option Sales Tax
- Hotel/Motel Taxes
- Interest
- Unrestricted General Intergovernmental
- Miscellaneous

Expenditures for fiscal year 2008 totaled \$12,714,818. Expenditures for General Governmental Activities totaled \$9,332,796, accounting for 73.4% of the total expenditures. Business-Type Activity expenditures totaled \$3,382,022, for 26.6% of the total.

Program Level	General Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Public Safety	\$ 1,826,343	\$ 1,594,179	\$ -	\$ -	\$ 1,826,343	\$ 1,594,179
Public Works	3,051,121	2,583,298	-	-	3,051,121	2,583,298
Health & Social Services	371,172	40,492	-	-	371,172	40,492
Culture and Recreation	2,391,710	2,008,138	-	-	2,391,710	2,008,138
Community and Economic Development	453,463	323,131	-	-	453,463	323,131
General Government	657,669	636,525	-	-	657,669	636,525
Debt Service	581,318	629,037	-	-	581,318	629,037
Capital Projects	-	-	-	-	-	-
Water System	-	-	1,004,759	992,197	1,004,759	992,197
Sewer System	-	-	1,459,406	1,340,567	1,459,406	1,340,567
Solid Waste	-	-	917,857	794,029	917,857	794,029
Total Expenses	\$ 9,332,796	\$ 7,814,800	\$ 3,382,022	\$ 3,126,793	\$ 12,714,818	\$ 10,941,593

The following table shows the activities included within each program level:

Public Safety.....	Individual & Community Protection, Physical Health
Public Works.....	Roadway Construction, Airport Operations, General Streets, Transportation Services
Culture and Recreation.....	Education & Culture, Leisure Time Opportunities
Community and Economic Development.....	Economic Development & Community Beautification
General government.....	Administration, Accounting, Support Services
Debt Service.....	Payment of Interest
Capital Projects.....	Construction of Capital Facilities
Water System.....	Operation of Water Supply Distribution System
Sewer System.....	Operation of Waste Water Treatment Plant/Collection System
Solid Waste System.....	Operation of Garbage and Recycling Collection and Disposal System

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$1,826,343 and

received \$85,640 in revenue, leaving a cost to the taxpayer of \$1,740,703 to be funded by various methods including property taxes. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety.....	Fines, Fees
Public Works.....	Road Use Tax, State Agreements
Culture and Recreation.....	Fees, State Aid
General government.....	Licenses, Permits, Utility Reimbursement
Capital Projects.....	Donations, State & Federal Grants

The total cost of governmental activities this year was \$9,332,796. Of these costs, \$1,017,333 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contribution were \$2,966,797, leaving a Net Expense of \$5,348,666 for Governmental Activities. These expenses were covered with tax revenues, interest, and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2008	2007
Governmental Activities:		
Public Safety	\$ (1,740,703)	\$ (1,326,334)
Public Works	(687,357)	(270,029)
Health & Social Services	(154,685)	(6,980)
Culture and Recreation	(1,627,400)	(1,186,364)
Community and Economic Development	(188,152)	(145,248)
General Government	(369,051)	(387,599)
Debt Service	(581,318)	(629,037)
Total Net (Expense) Revenue		
Governmental Activities	(5,348,666)	(3,951,591)
General Revenues	6,953,397	7,224,439
Change in Net Assets before Transfers	1,604,731	3,272,848
Transfers	134,503	194,469
Change in Net Assets	\$ 1,739,234	\$ 3,467,317

Total resources available during the year to finance governmental operations were \$36,555,858, consisting of Net Assets at July 1, 2007 of \$25,483,828, Program Revenues of \$3,984,130, and General Revenues of \$7,087,900. Total Governmental Activities during the year expended \$9,332,796; thus, Net Assets were increased by \$1,739,234, to \$27,223,062.

Business-Type Activities

Business-Type Activities increased the City's net assets by \$181,044, accounting for 9.4% of the growth in the City's net assets.

The cost of all Proprietary Activities this year was \$3,382,022. As shown in the Statement of Activities, the amount paid by users of the systems was \$3,426,157, and \$138,522 by grants and contributions, resulting in total Net Revenue for Business-Type Activities of \$182,657. The Net (Expense) Revenue by Business-type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2008	2007
Water System	\$156,446	\$241,297
Sewer System	30,881	285,375
Solid Waste System	(4,670)	44,618
Total Net (Expense) Revenue		
Business-Type Activities	182,657	571,290
General Revenues & Interfund Transfers	(1,613)	(37,594)
Change in Net Assets	\$181,044	\$533,696

Total resources available during the year to finance proprietary Fund activities were \$16,194,168, consisting of Net Assets at July 1, 2007 of \$12,631,102; program Revenues of \$3,564,679, General Revenues of \$(1,613), Total Proprietary Fund Activities during the year expended \$3,382,022; thus Net Assets were increased by \$181,044, to \$12,812,146.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$6,053,659. The combined Governmental Funds balance decreased \$715,434, as a result of the completion of the various capital projects.

The General Fund is the primary operating fund of the City. During the year, revenue and other financing uses exceeded expenditures and other financing sources in the General Fund by \$201,695. The fund balance of \$2,955,842 is 45.4% of expenditures, which is above the goal of 25%. The Tax Increment Financing and Debt Service Funds saw very minimal changes during the year maintaining a fund balance consistent with recent years. The General Fund net assets increased \$201,695, which was a combination of various increases in revenue and decreases in expenditures.

Budgetary Highlights

The following table shows the General budget variances by program structure:

Expenditures	Amended Budget	Actual	Variance
Public Safety	\$ 2,631,022	\$ 2,524,726	\$ 106,296
Public Works	1,382,801	1,261,408	121,393
Health & Social Services	426,150	392,368	33,782
Culture and Recreation	2,010,762	1,953,748	57,014
Community and Economic Development	1,257,040	418,761	838,279
General Government	759,277	754,758	4,519
Debt Service	2,159,623	1,964,766	194,857
Capital Projects	3,919,728	2,312,533	1,607,195
Business Type/Enterprise	4,224,065	3,893,316	330,749
Total Expenditures	\$ 18,770,468	\$ 15,476,384	\$3,294,084

Below is a brief recap of budget activity for the year:

- The total original revenue budget of \$13,668,161 was increased to \$14,028,407 (an increase of \$360,246). This increase was based on additional special assessments, economic development revenue, and the sale of land.
- A Community Attraction and Tourism Grant approved by the City for the Wartburg Waverly Wellness Center did not pass through the city as budgeted, leading to the actual decrease in Intergovernmental Revenue.
- Charges for Services were well below the budget projection due to the Waverly flood disaster of 2008.
- The total original expenditure budget of \$13,736,406 was increased to \$18,770,468 (an increase of \$5,034,062).
- The above amendments to budgets were mainly related to the timing of capital projects and purchases, the sale and refunding of non-budgeted bonds, and the development of two new departments. Actual expenditures came in below budget projections by \$3,294,084. This change was again related to the extended completion dates of projects caused by the flooding in June 2008. The City did very well this year controlling expenses based on original budget projections. Finally, the Business Type/Enterprise function was mostly unaffected by changes and only exceeded budget projections by \$330,749.

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2008 was \$31,871,768 (net of accumulated depreciation and outstanding financings). This is an increase of \$2,165,805 from fiscal 2007. The gross additions to capital assets for Fiscal 2008 and 2007 are as follows:

	General Governmental Activities		Business Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 790,750	\$ 8,750	\$ -	\$ -	\$ 790,750	\$ 8,750
Construction in Progress	884,808	3,102,576	357,037	181,810	1,241,845	3,284,386
Buildings and Improvements	3,610,371	226,379	31,977	578,805	3,642,348	805,184
Equipment	1,164,463	440,117	524,645	62,178	1,689,108	502,295
Infrastructure	679,043	1,249,544	138,522	496,077	817,565	1,745,621
	<u>\$ 7,129,435</u>	<u>\$ 5,027,366</u>	<u>\$1,052,181</u>	<u>\$1,318,870</u>	<u>\$ 8,181,616</u>	<u>\$ 6,346,236</u>

Additional information on the City of Waverly's capital assets can be found in Note 6 on pages 48-51 of this report.

Debt Administration

On June 30, 2008 the City had \$16,458,158 of debt outstanding. This is a decrease of \$654,605 from the prior year and shows Waverly's commitment to pay down and control overall debt.

Debt administration is an important aspect of the City's financial obligation to its citizens. Any new debt is amortized over no more than twelve years. At the end of the fiscal year the City's schedule showed that 55% of the existing general obligation debt would be paid off in five years. This rapid repayment, when combined with the use of TIF and Local Option Sales Tax Revenue, has allowed the City to maintain an A1 rating from Moody's.

The City continues to operate well under the State of Iowa debt capacity limitations. The state limits the total outstanding General Obligation Debt to 5% of the assessed value of all taxable property in the corporate limits. This formula set the debt capacity to \$26,574,137 at the end of the 2008 fiscal year. With outstanding General Obligation Debt applicable to this limit of \$14,890,532 the City is at 56% of the maximum debt capacity. More detailed information on debt administration is provided in Note 7 of the financial statements.

Economic Factors

The City of Waverly continues to report strong residential and commercial building projects. In FY 2008 the City had 20 new single family permits, which is slightly below last year, but still strong for Waverly given the recent housing market. New commercial building permits have averaged slightly over seven a year over the past five years. Property tax is a major source of revenue and Waverly is fortunate that it has seen minor, but consistent increases in assessed and taxable valuation.

This steady growth has allowed the City to maintain its high level of service. The City has budgeted for use of General Fund balance for two years, but has projected a balanced budget for the next two years. The General Fund balance continues to remain solid at 45% of expenditures, which again is well above the percentage set by city council of 25%.

Requests for Information

This financial report is designed to provide a general overview of the City of Waverly's financial position for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Waverly, Accounting Department, 200 First Street NE, P.O. Box 616, Waverly, Iowa 50677.

CITY OF WAVERLY, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			Component Unit	
	Governmental	Business-Type		Waverly	Waverly Light
	Activities	Activities	Total	Health Center	and Power
ASSETS					
Cash and Cash Equivalents	\$ 5,165,753	\$ 1,316,377	\$ 6,482,130	\$ 2,135,016	\$ 3,852,270
Investments	749,317	602,284	1,351,601	1,071,107	739,486
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	59,745	170,067	229,812	8,080,108	1,751,157
Taxes	28,943	-	28,943	-	-
Subsequent Year Taxes	5,701,965	-	5,701,965	-	-
Accrued Interest	6,959	2,926	9,885	10,580	-
Other	-	-	-	66,719	2,826,316
Estimated Unbilled Usage	-	78,125	78,125	-	-
Special Assessments	58,168	150,575	208,743	-	-
Internal Balances	371,961	(371,961)	-	-	-
Due from Other Governmental Agencies	853,780	-	853,780	-	-
Inventories	59,122	96,868	155,990	663,300	742,582
Prepaid Assets	196,611	69,443	266,054	328,556	46,752
Other	-	-	-	-	3,682,500
Restricted Assets:					
Cash and Cash Equivalents	-	329,654	329,654	198,582	-
Investments	-	147,958	147,958	1,716,656	3,128,517
Bond Issue Costs	234,588	61,731	296,319	372,876	60,245
Investment in Joint Venture	39,680	-	39,680	-	-
Land	2,624,383	19,191	2,643,574	2,114,243	487,396
Construction in Progress	806,333	357,037	1,163,370	-	946,367
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	30,653,607	13,246,254	43,899,861	26,099,499	29,091,038
Total Assets	47,610,915	16,276,529	63,887,444	42,857,242	47,354,626
LIABILITIES					
Accounts Payable	889,378	204,143	1,093,521	1,281,105	2,388,199
Accrued Wages	183,699	33,784	217,483	1,391,108	818,546
Other Accrued Expenses	-	-	-	425,581	152,483
Customer Deposits	-	28,276	28,276	-	-
Claims Incurred But Not Reported	21,362	-	21,362	-	-
Deferred Revenue - Subsequent Year Taxes	5,701,965	-	5,701,965	-	-
Accrued Interest Payable	46,742	4,293	51,035	57,808	-
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	-	4,944	4,944	-	18,753
Revenue Bonds - Current	-	290,000	290,000	-	998,421
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	-	-	1,020,000	-
General Obligation Bonds	1,457,250	262,750	1,720,000	-	-
Notes Payable	55,999	-	55,999	927,776	145,000
Compensated Absences and Benefits	154,969	32,408	187,377	-	-
Due in more than one year:					
Revenue Bonds Payable	-	1,219,532	1,219,532	13,225,000	7,069,860
General Obligation Bonds	11,591,017	1,362,649	12,953,666	-	-
Notes Payable	182,159	-	182,159	3,021,310	1,705,000
Compensated Absences and Benefits	103,313	21,604	124,917	-	-
Total Liabilities	20,387,853	3,464,383	23,852,236	21,349,688	13,296,262
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	21,032,486	10,839,282	31,871,768	10,019,656	25,343,081
Restricted for:					
Debt Service	-	182,668	182,668	1,915,238	1,227,264
Endowments:					
Nonexpendable	461,043	-	461,043	-	-
Unrestricted	5,729,533	1,790,196	7,519,729	9,572,660	7,488,019
Total Net Assets	\$ 27,223,062	\$ 12,812,146	\$ 40,035,208	\$ 21,507,554	\$ 34,058,364

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,826,343	\$ 53,784	\$ 31,856	\$ -
Public Works	3,051,121	76,341	1,590,942	696,481
Health and Social Services	371,172	-	216,487	-
Culture and Recreation	2,391,710	574,588	82,404	107,318
Community and Economic Development	453,463	24,002	241,309	-
General Government	657,669	288,618	-	-
Debt Service	581,318	-	-	-
Total governmental activities	9,332,796	1,017,333	2,162,998	803,799
Business-Type Activities:				
Water System	1,004,759	1,086,607	-	74,598
Sewer System	1,459,406	1,426,363	-	63,924
Solid Waste System	917,857	913,187	-	-
Total Business-Type Activities:	3,382,022	3,426,157	-	138,522
Total Primary Government	\$ 12,714,818	\$ 4,443,490	\$ 2,162,998	\$ 942,321
Component Unit:				
Waverly Health Center	\$ 36,651,405	\$ 38,195,527	\$ 30,793	\$ -
Waverly Light and Power	\$ 10,368,137	\$ 12,197,191	\$ 295,237	\$ -

General Revenues:

Property Taxes
Local Option Sales Tax
Hotel/Motel Taxes
Interest
Unrestricted General Intergovernmental Revenues
Gain on Sale of Assets
Miscellaneous

Interfund Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

Net (Expense) Revenue and Changes in Net Assets				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Waverly Health Center	Waverly Light and Power
\$ (1,740,703)		\$ (1,740,703)		
(687,357)		(687,357)		
(154,685)		(154,685)		
(1,627,400)		(1,627,400)		
(188,152)		(188,152)		
(369,051)		(369,051)		
(581,318)		(581,318)		
<u>(5,348,666)</u>		<u>(5,348,666)</u>		
	\$ 156,446	156,446		
	30,881	30,881		
	<u>(4,670)</u>	<u>(4,670)</u>		
	<u>182,657</u>	<u>182,657</u>		
<u>(5,348,666)</u>	<u>182,657</u>	<u>(5,166,009)</u>		
			\$ 1,574,915	\$ 2,124,291
5,269,029	-	5,269,029	-	-
803,943	-	803,943	-	-
173,098	-	173,098	-	-
193,573	70,915	264,488	235,133	377,858
178,926	-	178,926	-	-
259,062	-	259,062	-	-
75,766	61,975	137,741	-	25,724
134,503	(134,503)	-	-	-
<u>7,087,900</u>	<u>(1,613)</u>	<u>7,086,287</u>	<u>235,133</u>	<u>403,582</u>
1,739,234	181,044	1,920,278	1,810,048	2,527,873
25,483,828	12,631,102	38,114,930	19,697,506	31,530,491
<u>\$ 27,223,062</u>	<u>\$ 12,812,146</u>	<u>\$ 40,035,208</u>	<u>\$ 21,507,554</u>	<u>\$ 34,058,364</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2008

	General	Debt Service	Tax Increment Financing
Assets			
Cash and Cash Equivalents	\$ 1,559,477	\$ 40,909	\$ 590,652
Investments	749,317	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	47,245	-	-
Taxes	10,929	4,276	6,077
Subsequent Year Taxes	2,427,110	862,175	1,210,838
Accrued Interest	4,390	311	-
Special Assessments	-	-	-
Due from Other Funds	831,545	-	-
Due from Other Governmental Agencies	57,457	-	-
Inventories	59,122	-	-
Prepaid Assets	-	-	-
Total Assets	<u>5,746,592</u>	<u>907,671</u>	<u>1,807,567</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	210,202	-	-
Accrued Wages and Compensated Absences	153,438	-	-
Due to Other Funds	-	12,870	-
Deferred Revenue - Subsequent Year Taxes	2,427,110	862,175	1,210,838
Deferred Revenue	-	-	-
Total Liabilities	<u>2,790,750</u>	<u>875,045</u>	<u>1,210,838</u>
Fund Balances:			
Reserved for:			
Debt Service	-	32,626	-
Perpetual Care	-	-	-
Inventories	59,122	-	-
Prepaid Items	-	-	-
Unreserved:			
General Fund	2,896,720	-	-
Special Revenue Funds	-	-	596,729
Capital Project Funds	-	-	-
Total Fund Balances	<u>2,955,842</u>	<u>32,626</u>	<u>596,729</u>
Total Liabilities and Equity	<u>\$ 5,746,592</u>	<u>\$ 907,671</u>	<u>\$ 1,807,567</u>

See Accompanying Notes to Financial Statements

Employee Benefit	Other Governmental Funds	Total Governmental Funds
\$ 58,720	\$ 2,708,619	\$ 4,958,377
-	-	749,317
-	12,500	59,745
4,810	2,851	28,943
1,018,115	183,727	5,701,965
-	2,258	6,959
-	58,168	58,168
-	-	831,545
-	796,323	853,780
-	-	59,122
-	23,101	23,101
1,081,645	3,787,547	13,331,022
438	678,707	889,347
-	30,261	183,699
-	446,714	459,584
1,018,115	183,727	5,701,965
-	42,768	42,768
1,018,553	1,382,177	7,277,363
-	-	32,626
-	461,043	461,043
-	-	59,122
-	23,101	23,101
-	-	2,896,720
63,092	756,161	1,415,982
-	1,165,065	1,165,065
63,092	2,405,370	6,053,659
\$ 1,081,645	\$ 3,787,547	\$ 13,331,022

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 26)		\$ 6,053,659
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		34,084,323
The investment in joint venture recorded in the governmental activities is not a financial resource and, therefore, is not reported in the fund.		39,680
Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net assets.		226,070
Assets such as special assessment receivables are not available to pay for current period expenditures and therefore are deferred in the funds.		42,768
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		133,423
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(46,742)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources		234,588
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(13,048,267)	
Notes Payable	(238,158)	
Compensated Absences	<u>(258,282)</u>	(13,544,707)
Total Net Assets - Governmental Activities (page 22)		<u><u>\$ 27,223,062</u></u>

CITY OF WAVERLY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2008

	General	Debt Service	Tax Increment Financing
Revenue:			
Taxes	\$ 2,513,498	\$ 855,534	\$ 862,287
Special Assessments	-	-	-
Licenses and Permits	45,239	-	-
Intergovernmental Revenue	902,560	-	-
Charges for Services	762,581	-	-
Fines and Forfeits	60,519	-	-
Contributions	38,491	-	-
Revenue from Use of Property	73,645	-	-
Interest on Investments	75,512	6,682	9,474
Miscellaneous	65,551	-	-
Total Revenue	4,537,596	862,216	871,761
Expenditures:			
Public Safety	2,344,057	-	-
Public Works	460,176	-	-
Health and Social Services	371,172	-	-
Culture and Recreation	1,951,228	-	-
Community and Economic Development	323,123	-	84,857
General Government	742,374	-	-
Capital Projects	322,310	-	-
Debt Service	-	1,964,386	-
Total Expenditures	6,514,440	1,964,386	84,857
Excess (deficiency) of revenues over expenditures	(1,976,844)	(1,102,170)	786,904
Other financing sources (uses):			
Issuance of Debt	-	578,267	-
Payment on Refunded Bonds	-	(589,612)	-
Proceeds from Sale of Capital Assets	170,312	-	-
Transfers In	2,038,227	1,090,773	-
Transfers Out	(30,000)	-	(628,186)
Total other financing sources (uses)	2,178,539	1,079,428	(628,186)
Net Change in Fund Balance	201,695	(22,742)	158,718
Fund balances - beginning of year	2,754,147	55,368	438,011
Fund balances - end of year	\$ 2,955,842	\$ 32,626	\$ 596,729

See Accompanying Notes to Financial Statements

Employee Benefit	Other Governmental Funds	Total Governmental Funds
\$ 1,031,885	\$ 982,866	\$ 6,246,070
-	24,624	24,624
-	43,857	89,096
-	1,936,441	2,839,001
-	-	762,581
-	-	60,519
-	7,754	46,245
-	31,492	105,137
-	99,285	190,953
-	10,215	75,766
<u>1,031,885</u>	<u>3,136,534</u>	<u>10,439,992</u>
183,406	-	2,527,463
-	901,488	1,361,664
-	-	371,172
13,918	57	1,965,203
-	16,349	424,329
-	17,515	759,889
-	2,349,324	2,671,634
-	-	1,964,386
<u>197,324</u>	<u>3,284,733</u>	<u>12,045,740</u>
834,561	(148,199)	(1,605,748)
-	515,000	1,093,267
-	-	(589,612)
-	88,750	259,062
-	707,910	3,836,910
(802,421)	(2,248,706)	(3,709,313)
<u>(802,421)</u>	<u>(937,046)</u>	<u>890,314</u>
32,140	(1,085,245)	(715,434)
30,952	3,490,615	6,769,093
<u>\$ 63,092</u>	<u>\$ 2,405,370</u>	<u>\$ 6,053,659</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 29)	\$ (715,434)
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 2,918,291	
Contribution & donation of capital assets	256,533	
Depreciation expense	<u>(1,705,961)</u>	1,468,863

Gain on investment in joint venture not recorded at the fund level.	5,389
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The effect of the change in prepaid insurance which is not reported in the governmental funds as it is not available to provide current financial resources.	8,165
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Governmental funds report special assessments as revenue when it becomes available, but the statement of activities includes special assessments as revenue when levied.	(20,680)
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Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	4,836
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Governmental funds do not reflect the change in accrued compensated absences as it does not consume current financial resources. The Statement of Activities reflects the change in accrued compensated absences through expenditures.	(27,069)
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Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and are included in the statement of net assets. The net revenue of the internal service funds is reported with governmental activities.	140,587
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The amount by which payments exceeded proceeds in the current year is as follows:

Repayments of long-term debt	1,994,217	
Proceeds from issuance of long-term debt	<u>(1,093,267)</u>	900,950

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	(26,373)
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Change in net assets of governmental activities (page 24)	<u><u>\$ 1,739,234</u></u>
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CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF NET ASSETS
Proprietary Funds
JUNE 30, 2008

	Business Type Activities				Governmental Activities
	Water System	Sewer System	Solid Waste	Total	Internal Service
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 488,889	\$ 688,035	\$ 139,453	\$ 1,316,377	\$ 207,376
Investments	602,284	-	-	602,284	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	60,343	80,387	29,337	170,067	-
Accrued Interest	1,322	1,604	-	2,926	-
Estimated Unbilled Usage	30,411	47,714	-	78,125	-
Special Assessments	21,852	128,723	-	150,575	-
Due from Other Funds	540	192,870	-	193,410	-
Inventories	55,476	41,392	-	96,868	-
Prepaid Assets	17,369	20,365	31,709	69,443	40,087
Restricted Assets:					
Cash and Cash Equivalents	-	329,654	-	329,654	-
Investments	147,958	-	-	147,958	-
Bond Issue Costs	27,816	33,915	-	61,731	-
Total Current Assets	<u>1,454,260</u>	<u>1,564,659</u>	<u>200,499</u>	<u>3,219,418</u>	<u>247,463</u>
Non Current Assets					
Land	-	19,191	-	19,191	-
Construction in Progress	311,439	45,598	-	357,037	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>4,381,621</u>	<u>8,220,346</u>	<u>644,287</u>	<u>13,246,254</u>	<u>-</u>
Total Noncurrent Assets	<u>4,693,060</u>	<u>8,285,135</u>	<u>644,287</u>	<u>13,622,482</u>	<u>-</u>
Total Assets	<u>6,147,320</u>	<u>9,849,794</u>	<u>844,786</u>	<u>16,841,900</u>	<u>247,463</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	21,500	83,049	99,594	204,143	31
Accrued Wages	7,145	10,728	15,911	33,784	-
Compensated Absences and Benefits	6,452	13,558	12,398	32,408	-
Customer Deposits	28,276	-	-	28,276	-
Due to Other Funds	372,698	192,673	-	565,371	-
Accrued Interest Payable	4,068	225	-	4,293	-
Claims Incurred But Not Reported	-	-	-	-	21,362
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	707	4,237	-	4,944	-
Revenue Bonds - Current	45,000	245,000	-	290,000	-
General Obligation Bonds	<u>212,750</u>	<u>50,000</u>	<u>-</u>	<u>262,750</u>	<u>-</u>
Total Current Liabilities	<u>698,596</u>	<u>599,470</u>	<u>127,903</u>	<u>1,425,969</u>	<u>21,393</u>
Noncurrent Liabilities:					
Due in more than one year:					
Revenue Bonds Payable	150,000	1,069,532	-	1,219,532	-
General Obligation Bonds	1,317,649	45,000	-	1,362,649	-
Compensated Absences and Benefits	<u>4,301</u>	<u>9,038</u>	<u>8,265</u>	<u>21,604</u>	<u>-</u>
Total Noncurrent Liabilities	<u>1,471,950</u>	<u>1,123,570</u>	<u>8,265</u>	<u>2,603,785</u>	<u>-</u>
Total Liabilities	<u>2,170,546</u>	<u>1,723,040</u>	<u>136,168</u>	<u>4,029,754</u>	<u>21,393</u>
NET ASSETS					
Invested in Capital Assets,					
Net of Related Debt	3,040,477	7,154,518	644,287	10,839,282	-
Restricted for:					
Debt Service	102,251	80,417	-	182,668	-
Unrestricted	<u>834,046</u>	<u>891,819</u>	<u>64,331</u>	<u>1,790,196</u>	<u>226,070</u>
Total Net Assets	<u>\$3,976,774</u>	<u>\$8,126,754</u>	<u>\$708,618</u>	<u>\$12,812,146</u>	<u>\$ 226,070</u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Proprietary Funds
For the Year Ended June 30, 2008

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 1,078,293	\$ 1,403,249
Miscellaneous	8,314	23,114
Reimbursement from Employees/Insurance	-	-
Total Operating Revenue	<u>1,086,607</u>	<u>1,426,363</u>
Operating Expenses:		
General Government	-	-
Employee Services	266,336	382,934
Contract Services	241,740	292,117
Supplies	57,884	55,199
Repairs and Maintenance	36,583	60,187
Utilities	90,136	130,047
Miscellaneous	6,046	3,425
Depreciation	253,542	446,792
Amortization	6,209	8,655
Total Operating Expenses	<u>958,476</u>	<u>1,379,356</u>
Operating Income (Loss)	128,131	47,007
Non-Operating Income (Expense):		
Interest Income	29,104	35,839
Revenue from Use of Property	61,975	-
Interest Expense	(46,283)	(80,050)
Total Non-Operating Income (Expenses)	<u>44,796</u>	<u>(44,211)</u>
Income (Loss) before Contributions and Transfers	172,927	2,796
Contributed Capital Revenue	74,598	63,924
Transfers (Out)	(62,917)	(19,514)
Change in Net Assets	184,608	47,206
Net Assets - Beginning	<u>3,792,166</u>	<u>8,079,548</u>
Net Assets - Ending	<u>\$ 3,976,774</u>	<u>\$ 8,126,754</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
\$ 891,792	\$ 3,373,334	\$ 270,245
21,395	52,823	-
-	-	8,225
913,187	3,426,157	278,470
-	-	140,503
424,341	1,073,611	-
278,430	812,287	-
104,499	217,582	-
33,945	130,715	-
348	220,531	-
601	10,072	-
75,693	776,027	-
-	14,864	-
917,857	3,255,689	140,503
(4,670)	170,468	137,967
5,972	70,915	2,620
-	61,975	-
-	(126,333)	-
5,972	6,557	2,620
1,302	177,025	140,587
-	138,522	-
(52,072)	(134,503)	-
(50,770)	181,044	140,587
759,388	12,631,102	85,483
\$ 708,618	\$ 12,812,146	\$ 226,070

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2008

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,121,038	\$ 1,464,999
Cash Paid to Suppliers for Goods and Services	(432,880)	(525,912)
Cash Paid to Employees for Services	(262,263)	(378,753)
Other Nonoperating Income	61,975	-
Net Cash Provided by Operating Activities	<u>487,870</u>	<u>560,334</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(363,901)	(55,403)
Proceeds from Bond Sales	1,176,733	770,000
Bond Issuance Costs	(15,886)	(12,223)
Principal Paid on Notes and Bonds	(590,388)	(1,110,000)
Interest Paid on Notes and Bonds	(45,193)	(82,266)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>161,365</u>	<u>(489,892)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers to Other Funds	(62,917)	(19,514)
Due From (To) Other Funds	(100,397)	87,291
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>(163,314)</u>	<u>67,777</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	(28,120)	-
Interest and Dividends on Investments	30,688	39,470
Net Cash Provided for Investing Activities	<u>2,568</u>	<u>39,470</u>
Net Increase (Decrease) in Cash and Cash Equivalents	488,489	177,689
Cash and Cash Equivalents at Beginning of Year	<u>400</u>	<u>840,000</u>
Cash and Cash Equivalents at End of Year	<u>\$ 488,889</u>	<u>\$ 1,017,689</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Solid Waste	Total	Internal Service
\$ 915,384	\$ 3,501,421	\$ 242,167
(396,202)	(1,354,994)	(167,795)
(417,898)	(1,058,914)	-
-	61,975	-
<u>101,284</u>	<u>1,149,488</u>	<u>74,372</u>
(364,536)	(783,840)	-
-	1,946,733	-
-	(28,109)	-
-	(1,700,388)	-
-	(127,459)	-
<u>(364,536)</u>	<u>(693,063)</u>	<u>-</u>
(52,072)	(134,503)	-
-	(13,106)	-
<u>(52,072)</u>	<u>(147,609)</u>	<u>-</u>
-	(28,120)	-
<u>6,832</u>	<u>76,990</u>	<u>2,620</u>
<u>6,832</u>	<u>48,870</u>	<u>2,620</u>
(308,492)	357,686	76,992
<u>447,945</u>	<u>1,288,345</u>	<u>130,384</u>
<u>\$ 139,453</u>	<u>\$ 1,646,031</u>	<u>\$ 207,376</u>

(Continued)

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2008

	Business Type Activities	
	Water System	Sewer System
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 128,131	\$ 47,007
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	253,542	446,792
Amortization	6,209	8,655
Miscellaneous Non-Operating Income	61,975	-
(Increase) Decrease in Assets:		
Accounts Receivable	(8,132)	(8,784)
Special Assessments	16,890	33,368
Estimated Unbilled Usage	9,233	11,192
Other Receivables	16,405	2,860
Prepaid Expenses	(991)	(1,550)
Inventories	(9,746)	2,004
Increase (Decrease) in Liabilities		
Accounts Payable	10,246	14,609
Accrued Wages	1,242	4,034
Accrued Compensated Absences	2,831	147
Customer Deposits	35	-
Claims Incurred But Not Reported	-	-
Total Adjustments	359,739	513,327
Net Cash Provided by Operating Activities	\$ 487,870	\$ 560,334
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital Contributions	\$ 74,598	\$ 63,924
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Cash Equivalents	\$ 488,889	\$ 688,035
Restricted Cash and Cash Equivalents	-	329,654
	\$ 488,889	\$ 1,017,689

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental
Solid Waste	Total	Activities Internal Service
\$ (4,670)	\$ 170,468	\$ 137,967
75,693	776,027	-
-	14,864	-
-	61,975	-
626	(16,290)	-
-	50,258	-
-	20,425	-
1,571	20,836	-
(7,109)	(9,650)	(36,303)
-	(7,742)	-
28,730	53,585	(104)
4,654	9,930	-
1,789	4,767	-
-	35	-
-	-	(27,188)
105,954	979,020	(63,595)
\$ 101,284	\$ 1,149,488	\$ 74,372
-	\$ 138,522	-
\$ 139,453	\$ 1,316,377	\$ 207,376
-	329,654	-
\$ 139,453	\$ 1,646,031	\$ 207,376

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
STATEMENT OF FIDUCIARY NET ASSETS
Agency Funds
JUNE 30, 2008

ASSETS

Cash and Cash Equivalents	\$	16,624
Receivables:		
Accounts Receivable		<u>711,794</u>
Total Assets		<u>728,418</u>

LIABILITIES

Due to Other Governments		702,715
Other Payables		<u>25,703</u>
Total Liabilities		<u>728,418</u>

NET ASSETS

Unrestricted		<u>-</u>
Total Net Assets	\$	<u><u>-</u></u>

See Accompanying Notes to Financial Statements

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Waverly, Iowa, is a political subdivision of the State of Iowa located in Bremer County, and was incorporated in 1859, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Mayor-Council form of government with an appointed administrator elected on a nonpartisan basis and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development, general government, capital projects and debt service. The City also has municipal water, sewer and solid waste utility systems which are governed by the City Council.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. REPORTING ENTITY

For financial reporting purposes, the City of Waverly, Iowa, has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. These financial statements present the City of Waverly, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Complete financial statements of the individual component units, which issued separate financial statements as noted below, can be obtained from their respective administrative office.

Discretely Presented Component Units

Waverly Health Center - The City established a municipal hospital, Waverly Health Center, in accordance with paragraph 392.6 of the Code of Iowa. The City provided for the election of a Board of Trustees vested with authority to provide management controls, and the rules for the hospital's economic conduct, which in accordance with criteria set forth by the Governmental Accounting Standards Board, meets the definition of a component unit which should be discretely presented. The hospital's financial data is reported in a separate column to emphasize that it is legally separate from the City. The Hospital is financially accountable to the City.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Waverly Light and Power – The City established a municipal utility by ordinance on October 3, 1977. The City appoints the governing body which in accordance with criteria set forth by the Governmental Accounting Standards Board meets the definition of a component unit which should be discretely presented. The Utilities financial data is reported in a separate column to emphasize that it is legally separate from the City. The utility operates on a calendar year. Therefore financial statements presented herein are reported for the year ended December 31, 2007.

Jointly Governed Organizations

The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards or Commissions: Bremer-Waverly Public Safety Board, Bremer County Emergency Management Commission, Bremer County Joint E911 Service Board, and the Tri-County Drug Task Force.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, and capital projects funds are classified as governmental activities. The City's health insurance internal service fund is classified as a governmental-type activity.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first uses restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, health and social services, culture and recreation, community and economic development, general government, etc.) and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenue, operating grants, and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year activities.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City electively added funds, as major funds, which had a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

The City reports the following major governmental funds:

Governmental Fund Types – The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.
- 2) Special Revenue Funds – The Employee Benefit Fund is used to account for the collection of a property tax levy to be used for employee benefit expenses. The TIF (Tax Incremental Financing Fund) is used to account for property taxes received to be expended for public improvements; construction of public infrastructure as well as economic development opportunities; incentives; sites; land; rebates; and grant agreements.
- 3) Debt Service Fund – Debt Service Fund is used to account for property taxes received to be expended to retire principal and interest on General Obligation Bonds and other debt.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

- 1) Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Solid Waste Fund is used to account for the operation and maintenance of the City garbage disposal system.

- 2) Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis.

The City's internal service fund is presented in the proprietary fund financial statements.

Health Insurance – To account for the funding and maintenance of the City's self-funded health insurance provided to City employees. Since the principal users of this internal service are the City's governmental activities, the financial statements of the health insurance internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The City's Agency Fund is used to account for collecting receipts on behalf of Waverly Light and Power.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred. A flow of financial resources measurement focus is used for these financial statements.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. A flow of current financial resources measurement focus is used for these financial statements.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Cash And Cash Equivalents And Investments

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

1) Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2) Investments

The City and its component unit use the following methods in determining the reported amounts.

<u>Type</u>	<u>Method</u>
<u>City</u>	
Nonnegotiable Certificates of Deposit	Cost
Iowa Public Agency Investment Trust	Fair Value Determined by Current Share Prices
<u>Component Unit</u>	
Certificates of Deposit	Cost
U.S. Treasury Notes, State & Local Government Series	Fair Value Determined Based on Quoted Market Price
Iowa Public Agency Investment Trust	Fair Value Determined By Current Share Prices
Debt Securities	
U.S. Government Securities	
Maturity of one year or less when purchased	Amortized Cost
Maturity of more than one year when purchased	Fair Value Based on Quoted Market Price

G. Property Tax Receivable

Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007. Any county collections on the 2007-2008 tax levy remitted to the City within 60 days subsequent to June 30, 2008, are recorded as property tax revenue.

H. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

certain transactions between funds have not been paid or received as of June 30, 2008, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

I. Inventories

Inventories of the proprietary fund types are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008 are recorded as prepaid items.

K. Restricted Assets

Revenue bond ordinances require the City to reserve certain cash and investments to provide for payment of bonds and interest, for protection of bondholders, and for extension and improvement of facilities. These balances are separately disclosed in the Enterprise Funds.

L. Property and Equipment

Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings	20 – 50 Years
Utility Plant	30 – 33 Years
Machinery & Equipment	5 - 20 Years
Infrastructure	20 – 100 Years

M. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and Road Use Tax Fund.

N. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

O. Fund Equity

Reserves represent those portions of fund equity legally segregated for a specific future use.

P. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

Q. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which they are levied.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2008, were entirely covered by federal depository insurance or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. There were no differences in investments held during the year from those at June 30, 2008.

At June 30, 2008 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

	Credit Risk	Fair Value	Maturity
Mutual Funds	N/A	\$ 117,504	N/A
IPAIT	Not Rated	\$ 1,359,339	N/A

The City had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$1,359,339 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

	Credit Risk	Fair Value	Maturity
Component Unit: U.S. Treasuries	N/A	\$ 1,501,656	November, 2008
IPAIT	Not Rated	\$ 368,003	N/A

Interest Rate Risk: The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the City.

Credit Risk: The City's investment policy addresses the issue of credit risk. Investments are limited to certain types of investments and by diversifying the investment portfolio.

Note 3 - RECEIVABLES

Receivables at June 30, 2008 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$15,976 at June 30, 2008. The Waverly Health Center component unit had an allowance for uncollectibles of \$2,510,000 at June 30, 2008.

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2008, amounts due from other governments were as follows:

Due from the Iowa Department of Economic Development for CDBG grant	\$ 9,500
Due from the Iowa Department of Natural Resources for REAP grant	32,318
Due from the Iowa Homeland Security for Flood funding	569,344
Due from Waverly Light and Power for cash deficit in Electric Clearing Fund	4,383
Due from the State of Iowa for local option sales taxes	123,647
Due from the State of Iowa for hotel and motel sales taxes	53,074
Due from the Iowa Department of Transportation for road use tax allocations	61,515
Total Due from Other Governments	<u>\$ 853,780</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2008, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Proprietary – Sewer	\$ 192,133 *
General	Nonmajor Governmental	446,714 *
General	Proprietary - Water	192,698 *
Proprietary – Sewer	Proprietary – Water	180,000
Proprietary – Sewer	Debt Service	12,870
Proprietary – Water	Proprietary – Sewer	540
		<u>\$ 1,024,955</u>

* These Internal balances represent amounts due from/due to other funds to cover deficit cash balances.

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,833,633	\$ 790,750	\$ -	\$ 2,624,383
Construction in Progress	3,849,947	884,808	3,928,422	806,333
Total capital assets not being depreciated	<u>5,683,580</u>	<u>1,675,558</u>	<u>3,928,422</u>	<u>3,430,716</u>
Capital assets being depreciated:				
Buildings and Improvements	7,063,533	3,610,371	-	10,673,904
Equipment	4,248,066	1,164,463	88,893	5,323,636
Infrastructure	30,084,346	679,043	-	30,763,389
Total capital assets being depreciated	<u>41,395,945</u>	<u>5,453,877</u>	<u>88,893</u>	<u>46,760,929</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	1,911,313	242,949	-	2,154,262
Equipment	2,612,428	348,105	62,704	2,897,829
Infrastructure	9,940,324	1,114,907	-	11,055,231
Total Accumulated Depreciation	<u>14,464,065</u>	<u>1,705,961</u>	<u>62,704</u>	<u>16,107,322</u>
Total capital assets being depreciated, net	<u>26,931,880</u>	<u>3,747,916</u>	<u>26,189</u>	<u>30,653,607</u>
Governmental activities capital assets, net	<u>\$ 32,615,460</u>	<u>\$ 5,423,474</u>	<u>\$ 3,954,611</u>	<u>\$ 34,084,323</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 6 - CAPITAL ASSETS (CONTINUED)

Construction in progress at June 30, 2008, for the governmental activities consisted of costs associated with 1st Street NW Parking Lot, airport runway extension, Crestwood-Brookwood Parks Trail, Golf Course expansion project, Rolling Hills Trail, and various sidewalk projects.

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 19,191	\$ -	\$ -	\$ 19,191
Construction in Progress	-	357,037	-	357,037
Total capital assets not being depreciated	19,191	357,037	-	376,228
Capital assets being depreciated:				
Buildings and Improvements	6,091,732	31,977	33,577	6,090,132
Equipment	1,467,135	524,645	112,793	1,878,987
Lines and Structures	16,036,137	138,522	-	16,174,659
Total capital assets being depreciated	23,595,004	695,144	146,370	24,143,778
Less: Accumulated Depreciation				
Buildings and Improvements	3,293,464	139,459	33,577	3,399,346
Equipment	787,057	127,302	87,951	826,408
Lines and Structures	6,162,504	509,266	-	6,671,770
Total Accumulated Depreciation	10,243,025	776,027	121,528	10,897,524
Total capital assets being depreciated, net	13,351,979	(80,883)	24,842	13,246,254
Business-type activities capital assets, net	\$ 13,371,170	\$ 276,154	\$ 24,842	\$ 13,622,482

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Public Safety	\$ 247,097
Public Works	1,239,615
Culture and Recreation	155,754
General Government	63,495
Total depreciation expense – governmental activities	<u>\$ 1,705,961</u>
Business-Type Activities:	
Water	\$ 253,542
Sewer	446,792
Solid Waste	75,693
Total depreciation expense – business-type activities	<u>\$ 776,027</u>

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 6 - CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for the discretely presented component units is as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Waverly Health Center:				
Capital assets not being depreciated:				
Land	\$ 1,947,993	\$ 166,250	\$ -	\$ 2,114,243
Total capital assets not being depreciated	1,947,993	166,250		2,114,243
Capital assets being depreciated:				
Land Improvements	1,992,624	172,504	-	2,165,128
Buildings and Fixed Equipment	22,325,961	1,461,394	-	23,787,355
Major Movable Equipment	10,687,794	3,775,923	-	14,463,717
Total capital assets being depreciated	35,006,379	5,409,821	-	40,416,200
Less: Accumulated Depreciation	11,746,449	2,570,252	-	14,316,701
Total capital assets being depreciated, net	23,259,930	2,839,569	-	26,099,499
Component unit capital assets, net	\$ 25,207,923	\$ 3,005,819	-	\$ 28,213,742

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Waverly Light and Power:				
Capital assets not being depreciated:				
Land	\$ 515,870	\$ -	\$ 28,474	\$ 487,396
Construction in Progress	4,325,212	3,126,754	6,505,599	946,367
Total capital assets not being depreciated	4,841,082	3,126,754	6,534,073	1,433,763
Capital assets being depreciated:				
Improvements	25,574,360	1,398,716	-	26,973,076
Buildings	3,531,197	27,801	-	3,558,998
Equipment	4,996,861	123,242	40,341	5,079,762
Louisa Plant	8,723,984	1,217,430	45,412	9,896,002
WS4 Plant	-	5,117,030	-	5,117,030
Total capital assets being depreciated	42,826,402	7,884,219	85,753	50,624,868
Less: Accumulated Depreciation	19,989,756	1,601,325	57,251	21,533,830
Total capital assets being depreciated, net	22,836,646	6,282,894	28,502	29,091,038
Component unit capital assets, net	\$ 27,677,728	\$ 9,409,648	\$ 6,562,575	\$ 30,524,801

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 6 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

			Component Unit	
	Governmental	Business-	Waverly	Waverly
	Activities	Type	Health Center	Light & Power
	Activities	Activities		
Land	\$ 2,624,383	\$ 19,191	\$ 2,114,243	\$ 487,396
Construction in Progress	806,333	357,037	-	946,367
Capital Assets (net of accumulated depreciation)	30,653,607	13,246,254	26,099,499	29,091,038
Bond Issue Costs	234,588	61,731	-	60,245
Less: General Obligation Bonds Payable	13,048,267	1,625,399	-	-
Notes Payable	238,158	-	3,949,086	-
Revenue Bonds	-	1,219,532	14,245,000	5,241,965
Invested in Capital Assets, Net of Related Debt	\$ 21,032,486	\$ 10,839,282	\$ 10,019,656	\$ 25,343,081

Note 7 - LONG-TERM LIABILITIES

The City's computed legal debt limit as of June 30, 2008, is \$26,574,137 of which \$14,890,532 is committed for outstanding general obligation debt.

The following is a summary of bond transactions of the City for the year ended June 30, 2008:

	Governmental	Business Type		
	Activities	Activities		
	General Obligation			
	Bonds and	Bonds Paid	Revenue	Total
	Notes	By	Bonds	
	Paid By	Enterprise		
	Debt Service	Funds		
	Fund			
<i>Primary Government:</i>				
Bonds payable				
July 1, 2007	\$ 14,187,375	\$ 950,388	\$ 1,975,000	\$ 17,112,763
Plus: Issued	1,093,267	1,176,733	770,000	3,040,000
Less: Payments	1,994,217	490,388	1,210,000	3,694,605
Bonds Payable				
June 30, 2008	13,286,425	1,636,733	1,535,000	16,458,158
Due within one year	\$ 1,457,250	\$ 262,750	\$ 290,000	\$ 2,010,000

The City of Waverly's revenue bonds are shown net of the unamortized deferred refunding asset of \$25,468 on the Statement of Net Assets.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

	Waverly Health Center	Waverly Light And Power	Total Component Units
<i>Component Unit:</i>			
Bonds Payable/ Notes Payable- June 30, 2007/December 31, 2006	\$ 16,823,675	\$ 7,905,000	\$ 24,728,675
Plus: Issued	2,934,167	2,826,316	5,760,483
Less: Retired	1,563,756	800,000	2,363,756
Bonds Payable/ Notes Payable- June 30, 2008/December 31, 2007	\$ 18,194,086	\$ 9,931,316	\$ 28,125,402
Due within one year	\$ 1,947,776	\$ 1,143,421	\$ 3,091,197

On the Statement of Net Assets the Waverly Light and Power component unit revenue bonds are shown net of unamortized bond discount of \$13,035.

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for the governmental-type activities and the business-type activities.

In May, 2008 the City issued \$2,270,000 of General Obligation Capital Loan Notes which were partially used to current refund \$595,000 of the General Obligation Corporate Purpose Bonds, Series 1999 and \$325,000 of the General Obligation Bonds, Series 2000A. The 2008 bonds had an average interest rate of 3.2% and the bonds being refunded had an average interest rate of 4.5% and 5.15%, respectively. As a result of this refunding the City will reduce its debt service payments over the next six years by \$30,332, and obtain an economic gain of \$29,420. The remaining proceeds were used to finance various infrastructure improvements and the improvement of existing waterworks, water mains and extensions.

General obligation bonds outstanding as of June 30, 2008 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2008
General Obligation:						
2000B GO Bonds	2000	4.80-5.40%	2011	55,000-280,000	\$ 1,000,000	\$ 255,000
2000C GO Bonds	2001	4.25-5.10%	2016	50,000-220,000	2,030,000	1,485,000
2001 GO Bonds	2001	3.70-4.80%	2016	50,000-90,000	950,000	615,000
2001A GO Bonds	2001	3.0-5.0%	2019	50,000-295,000	2,750,000	2,340,000
2001B GO Bonds	2001	3.0-4.25%	2017	30,000-90,000	1,000,000	690,000
2002 GO Bonds	2002	3.5-4.40%	2012	25,000-45,000	360,000	170,000
*2003 GO Refunding	2003	1.2-3.0%	2010	55,000-195,000	1,025,000	215,000
2005 GO Bonds	2005	2.8-3.9%	2017	90,000-140,000	1,290,000	1,090,000
*2005 GO Refunding	2005	2.5-3.25%	2013	65,000-535,000	2,680,000	1,990,000
*2006 GO LOSST Bonds	2006	3.6-4.10%	2019	220,000-395,000	4,040,000	3,565,000
*2008 GO Refunding	2008	2.45-3.65%	2018	150,000-320,000	2,270,000	2,270,000
Total General Obligation					\$ 19,395,000	\$ 14,685,000

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds

The City also has issued revenue bonds where the City pledges income derived from the acquired constructed asset to pay debt service.

The City issued one new revenue bond during 2008:

In May, 2008 the City issued \$770,000 Sewer Revenue Refunding Capital Loan Notes to current refund \$540,000 of the 1999 Sewer Revenue Bonds and \$290,000 of the 2000 Sewer Revenue Bonds. The bonds issued had an average interest rate of 3.4% and an average life of 3.810 years. The bonds refunded had an average interest rate of 5.08%. As a result of this refunding the City will reduce its debt service payments over the next seven years by \$41,478, and obtain an economic gain of \$28,147.

Revenue bonds outstanding as of June 30, 2008 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2008
Revenue Bonds:						
2002 – Sewer	2002	3.0-4.5%	2012	105,000-155,000	\$ 1,280,000	\$ 570,000
2008 – Sewer	2008	2.8-3.8%	2015	45,000-110,000	770,000	770,000
2002 – Water	2002	3.0-4.5%	2012	35,000-50,000	435,000	195,000
Total Revenue Bonds					<u>\$ 2,485,000</u>	<u>\$ 1,535,000</u>
2001 Golf Revenue Capital Loan Note	2001	5.1%	2015	15,000-28,000	\$ 300,000	\$ 172,354
Component Units:						
Waverly Health Center:						
1999 Hospital Capital Loan Notes	1999	5.0-5.8%	2015	150,000-180,000	\$ 2,150,000	\$ 1,325,000
2003 Hospital Capital Loan Notes	2003	2.5-5.5%	2018	545,000	9,800,000	7,540,000
2004 Hospital Capital Loan Notes	2004	2.0-4.9%	2019	195,000	6,200,000	5,380,000
					<u>\$ 18,150,000</u>	<u>\$ 14,245,000</u>
Waverly Light and Power:						
1998 Utility Rev. Bonds	1998	4.1-4.4%	2008	50,000-575,000	\$ 3,610,000	\$ 575,000
2002 Utility Rev. Bonds	2002	2.2-4.5%	2012	75,000-200,000	2,500,000	1,680,000
2005 Utility Rev. Bonds	2005	3.5-4.0%	2015	380,000-480,000	3,000,000	3,000,000
2007 Utility Rev. Bonds	2007	.70%	2022	188,421	2,826,316	2,826,316
					<u>\$ 11,936,316</u>	<u>\$ 8,081,316</u>
Grand Total Revenue Bonds					<u>\$ 32,871,316</u>	<u>\$ 24,033,670</u>

All General Obligation Debt except those marked with (*) are to be retired through property tax levies. A portion of those (*) bonds, other than the LOSST bond, are paid with water and sewer revenues. The LOSST bond is to be retired through the tax receipts collected by the City from the local option and services tax. The revenue bonds are to be retired with water and sewer revenues.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

	<u>General Obligation</u>		<u>Revenue Bond</u>		<u>Golf Revenue Capital Loan Note</u>	
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,720,000	\$ 571,571	\$ 290,000	\$ 59,057	21,478	\$ 8,522
2010	1,790,000	511,105	305,000	48,135	22,587	7,413
2011	1,800,000	449,230	310,000	36,445	23,754	6,246
2012	1,770,000	384,453	325,000	24,245	24,968	5,032
2013	1,315,000	319,398	130,000	10,940	26,270	3,730
2014-2018	5,600,000	823,408	175,000	8,100	53,297	3,318
2019	690,000	30,945	-	-	-	-
	<u>\$ 14,685,000</u>	<u>\$ 3,090,110</u>	<u>\$ 1,535,000</u>	<u>\$ 186,922</u>	<u>\$ 172,354</u>	<u>\$ 34,261</u>

The bond principal and interest annual requirements for the component units are as follows:

Waverly Health Center

<u>Year Ending June 30,</u>	<u>Capital Loan Notes</u>	<u>Loan/Notes Payable</u>	<u>Total Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,020,000	\$ 927,776	\$ 1,947,776	\$ 884,526	\$ 2,832,302
2009	1,060,000	985,226	2,045,226	798,501	2,843,727
2010	1,110,000	973,077	2,083,077	692,471	2,775,548
2011	1,160,000	694,902	1,854,902	591,769	2,446,671
2012	1,215,000	368,105	1,583,105	506,776	2,089,881
2013-2017	6,425,000	-	6,425,000	1,524,807	7,949,807
2018-2019	2,255,000	-	2,255,000	79,706	2,334,706
	<u>\$ 14,245,000</u>	<u>\$ 3,949,086</u>	<u>\$ 18,194,086</u>	<u>\$ 5,078,556</u>	<u>\$ 23,272,642</u>

Waverly Light and Power

<u>Year Ending December 31</u>	<u>Revenue Bond Principal</u>	<u>Notes Payable</u>	<u>Total Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 998,421	\$ 145,000	\$ 1,143,421	\$ 227,509	\$ 1,370,930
2009	903,421	145,000	1,048,421	193,962	1,242,383
2010	933,421	120,000	1,053,421	165,441	1,218,862
2011	968,421	120,000	1,088,421	135,027	1,223,448
2012	1,003,421	120,000	1,123,421	102,464	1,225,885
2013-2017	2,332,105	600,000	2,932,105	163,763	3,095,868
2018-2022	942,106	600,000	1,542,106	19,785	1,561,891
	<u>\$ 8,081,316</u>	<u>\$ 1,850,000</u>	<u>\$ 9,931,316</u>	<u>\$ 1,007,951</u>	<u>\$ 10,939,267</u>

There are a number of limitations and restrictions contained in the various bond indentures creating certain reserve and sinking funds to insure repayment of revenue bonds. The reserve and sinking fund requirements are recorded as restricted assets on the combined balance sheet and meet the minimum requirements of the various bond ordinances.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 7 - LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of other long-term liabilities of the City for the year ended June 30, 2008.

	July 1, 2007	Additions	Reductions	June 30, 2008	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 231,213	\$ 165,797	\$ 138,728	\$ 258,282	\$ 154,969
Equipment Note	49,983	-	25,000	24,983	24,983
Equipment Note	50,000	-	9,179	40,821	9,538
	<u>\$ 331,196</u>	<u>\$ 165,797</u>	<u>\$ 172,907</u>	<u>\$ 324,086</u>	<u>\$ 189,490</u>
Business-Type Activities:					
Compensated Absences	\$ 49,245	\$ 34,314	\$ 29,547	\$ 54,012	\$ 32,408

Maturities of Equipment Notes Payable is as follows:

Year Ending June 30,	Principal	Interest
2009	\$ 34,521	\$ 2,882
2010	9,972	1,408
2011	10,421	959
2012	10,890	490
	<u>\$ 65,804</u>	<u>\$ 5,739</u>

Other long-term liabilities at June 30, 2008 was comprised of the following:

Included in general long-term debt:

A note payable to First Nation Bank dated July 1, 2006 and due July 1, 2008 for the purchase of golf course equipment. \$ 24,983

A note payable to First National Bank dated October 9, 2006 and due October 9, 2011 for golf course improvements. \$ 40,821

Note Payable

The City of Waverly issued a \$330,000 loan to the Hospital to assist in financing an addition to the Hospital and remodeling of certain existing areas. This loan directly resulted from the issuance of a Rural Economic Development loan to the City from the U.S. Department of Agriculture. The loan is interest free and is due in ten annual installments of \$33,000. At June 30, 2008, the remaining balance on this loan is \$66,000.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 8 – TRANSFERS

The following is a summary of transfers between funds:

	General	Debt Service	Nonmajor Governmental	Governmental Activities	Total Transfers Out
General	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000
Employee Benefit	802,421	-	-	-	802,421
T.I.F.	-	509,127	119,059	-	628,186
Nonmajor					
Governmental	1,210,806	551,646	486,254	-	2,248,706
Water	10,500	-	50,000	2,417*	62,917
Sewer	14,500	-	2,597	2,417*	19,514
Solid Waste	-	-	50,000	2,072*	52,072
Total Transfers In	\$ 2,038,227	\$ 1,090,773	\$ 707,910	\$ 6,906	\$ 3,843,816

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.

* Transfers were recorded to account for capital assets purchased by the enterprise funds and transferred to the general fund.

Note 9 - PENSION AND RETIREMENT

Iowa Public Employees Retirement System - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 3.90 percent of their annual covered salary and the City is required to contribute 6.05 percent of annual covered salary. Law enforcement employees are covered by another plan. Contribution requirements are established by state statute. The City contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$157,288, \$137,146, and \$131,823, respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa – The City contributes to the Municipal Fire & Police Retirement System of Iowa (MFPRSI) which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees appointed by the State of Iowa. MFPRSI provides retirement and death benefits which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 9 - PENSION AND RETIREMENT (CONTINUED)

and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation. The employers' contribution rate is based upon and actuarially determined normal contribution rate. The normal contribution rate is provided by the State statute to be the actuarial liabilities of the plan less current plan assets, the total then being divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions.

Legislatively appropriated contributions from the State may further reduce the employers' contribution rate. However, under the Code of Iowa, the employers' contribution rate cannot be less than 25.48 percent of earnable compensation. Contribution requirements are established by State statute. The City's contribution to MFPRSI for the years ended June 30, 2008, 2007 and 2006 were \$183,406, \$188,751, and \$177,746, respectively, equal to the required contributions for each year.

Note 10 - DEFICIT FUND EQUITY

The City has seven funds with deficit equity balances at June 30, 2008. The City intends to finance these deficits from various resources including; road use tax funds, general funds, special assessments, capital project debt financing, grant revenues, and utility charges. The individual fund deficits were as follows:

Special Revenue – Downtown TIF	\$ 106,284
Capital Project – Adams Parkway	20,646
Capital Project – 39 th Street SE Reconstruction.....	222
Capital Project – 1 st Avenue SE Parking Lot.....	1,974
Capital Project – Walmart Project	5,193
Capital Project – Cent Oaks 111A & 111	118
Capital Project – 16 th Street Sidewalk	9,965

Note 11 - RISK MANAGEMENT

Medical Insurance - The City uses a partially self-funded medical insurance program accounted for in an internal service fund. Costs of the program include medical benefits, administration fees and premiums for stop-loss coverage with limits of \$5,000 per covered employee per year and 125% of expected claims for year for the City as a whole per year.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 11 - RISK MANAGEMENT (CONTINUED)

Claims payable and estimated claims incurred but not reported are recorded as liabilities of the Internal Service Fund.

Claims payable @ June 30, 2006	\$ 85,410
Claims paid	625,398
Claims incurred	588,538
Claims payable @ June 30, 2007	<u>\$ 48,550</u>
Claims payable @ June 30, 2007	\$ 48,550
Claims paid	163,302
Claims incurred	136,114
Claims payable @ June 30, 2008	<u>\$ 21,362</u>

Other Risk - The City of Waverly is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductible and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 12 - COMMITMENTS

During the year ended June 30, 2008, the City had entered into several construction contracts totaling approximately \$3,160,000 of which \$676,270 has been expended to date. The remaining balance will be paid as work progresses.

The City entered into an agreement with Wartburg College for the joint use of the new Wartburg-Waverly Wellness Center. The City committed to making eight annual payments to the College of \$150,000 each beginning in the fiscal year ending June 30, 2008. The City made their first \$150,000 payment in the fiscal year ending June 30, 2008.

Note 13 - BLACK HAWK COUNTY LANDFILL CONTRACT

The City has contracted with Black Hawk County Solid Waste Commission for solid waste disposal. The new contract began October 1, 2007. The County may not be accumulating sufficient financial resources and the participating governments are obligated for a proportionate share of the debt, therefore, the City of Waverly may have an ongoing financial responsibility. The City pays \$33.25/ton of solid waste delivered to the landfill.

Note 14 - JOINT VENTURE

The City is a participant with Bremer County in a joint venture to operate the Bremer – Waverly Public Safety Board. The City is obligated to remit 30% of the operating budget of the Bremer – Waverly Public Safety Board to the Organization. On dissolution of the Board, the net assets are to be contributed for the operation. The Organization is governed by a five member board composed of two designated representatives from the City and two from the County. The fifth member of the board is chosen by the four designated representatives. Complete financial statements for the Bremer – Waverly Public Safety Board can be obtained from the Board's administrative office.

CITY OF WAVERLY, IOWA
Notes to Financial Statements
June 30, 2008

Note 15 - CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2008, Industrial Development Revenue Bonds had an original issue amount of \$2,500,000. The outstanding balance at June 30, 2008 was \$1,398,000.

Note 16 - RESERVES

The following schedule reflects all reservations of fund balances as presented in the fund level statements:

	<u>Inventory</u>	<u>Debt Service</u>	<u>Endowments</u>	<u>Prepaid Items</u>	<u>Total</u>
General Fund	\$ 59,122	\$ -	\$ -	\$ -	\$ 59,122
Debt Service	-	32,626	-	-	32,626
Nonmajor Governmental	-	-	-	23,101	23,101
Permanent Fund					
Cemetery Perpetual Care	-	-	461,043	-	461,043
Total Reserves of Fund Balances	<u>\$ 59,122</u>	<u>\$ 32,626</u>	<u>\$ 461,043</u>	<u>\$ 23,101</u>	<u>\$ 575,892</u>

CITY OF WAVERLY
Required Supplementary Information – Budgetary Reporting
June 30, 2008

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Agency Fund and the Internal Service Fund, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund or fund type. These 9 functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include expenditures for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted expenditures by \$5,034,062. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2008, disbursements did not exceed the amounts budgeted.

During the fiscal year 2008, the City had one budget amendment. The amendment was as follows:

<u>Program</u>	<u>Original Budget</u>	<u>5/19/08 Amendment</u>	<u>Amended Budget</u>
Public Safety	\$ 1,661,824	\$ 969,198	\$ 2,631,022
Public Works	1,334,401	48,400	1,382,801
Health and Social Service	295,150	131,000	426,150
Culture & Recreation	1,927,569	83,193	2,010,762
Community & Economic Development	1,082,540	174,500	1,257,040
General Government	735,726	23,551	759,277
Capital Projects	1,552,208	2,367,500	3,919,728
Debt Service	2,159,623	-	2,159,623
Business Type/Enterprise	2,987,365	1,236,700	4,224,065
Total	<u>\$ 13,736,406</u>	<u>\$ 5,034,062</u>	<u>\$ 18,770,468</u>

The following schedule demonstrates the City's legal compliance to the budget. The subsequent schedule reconciles the budgetary comparison to the actual GAAP basis financial statements.

CITY OF WAVERLY, IOWA

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES - BUDGET AND ACTUAL (CASH BASIS) -**

Governmental Funds and Proprietary Funds

For the Year Ended June 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Revenue:			
Taxes	\$ 6,250,035	\$ -	\$ 6,250,035
Special Assessments	18,288	64,338	82,626
Licenses and Permits	87,681	-	87,681
Intergovernmental Revenue	2,305,515	-	2,305,515
Charges for Services	766,856	3,377,469	4,144,325
Fines and Forfeits	60,696	-	60,696
Contributions	46,086	-	46,086
Revenue from Use of Property	105,137	61,975	167,112
Interest on Investments	215,366	76,990	292,356
Miscellaneous	61,708	59,614	121,322
Total Revenue	<u>9,917,368</u>	<u>3,640,386</u>	<u>13,557,754</u>
Expenditures:			
Public Safety	2,524,726	-	2,524,726
Public Works	1,261,408	-	1,261,408
Health and Social Services	392,368	-	392,368
Culture and Recreation	1,953,748	-	1,953,748
Community and Economic Development	418,761	-	418,761
General Government	754,758	-	754,758
Capital Projects	2,312,533	-	2,312,533
Debt Service	1,964,766	-	1,964,766
Business-Type Activities	-	3,893,316	3,893,316
Total Expenditures	<u>11,583,068</u>	<u>3,893,316</u>	<u>15,476,384</u>
Excess (deficiency) of revenues over expenditures	<u>(1,665,700)</u>	<u>(252,930)</u>	<u>(1,918,630)</u>
Other financing sources (uses):			
Issuance of Debt	1,093,267	1,946,733	3,040,000
Refunding Bond Payments	(589,612)	(1,160,388)	(1,750,000)
Proceeds from Sale of Capital Assets	259,062	-	259,062
Transfers In	3,836,910	-	3,836,910
Transfers Out	(3,709,313)	(134,503)	(3,843,816)
Total other financing sources (uses)	<u>890,314</u>	<u>651,842</u>	<u>1,542,156</u>
Net Change in Fund Balance	(775,386)	398,912	(376,474)
Balances - beginning of year	6,872,294	1,612,530	8,484,824
Balances - end of year	<u>\$ 6,096,908</u>	<u>\$ 2,011,442</u>	<u>\$ 8,108,350</u>

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
\$ 6,071,524	\$ 6,071,524	\$ 178,511
38,000	90,000	(7,374)
26,070	24,135	63,546
2,608,311	2,608,311	(302,796)
4,461,649	4,597,419	(453,094)
-	-	60,696
-	-	46,086
-	-	167,112
329,457	300,000	(7,644)
133,150	337,018	(215,696)
<u>13,668,161</u>	<u>14,028,407</u>	<u>(470,653)</u>
1,661,824	2,631,022	106,296
1,334,401	1,382,801	121,393
295,150	426,150	33,782
1,927,569	2,010,762	57,014
1,082,540	1,257,040	838,279
735,726	759,277	4,519
1,552,208	3,919,728	1,607,195
2,159,623	2,159,623	194,857
2,987,365	4,224,065	330,749
<u>13,736,406</u>	<u>18,770,468</u>	<u>3,294,084</u>
<u>(68,245)</u>	<u>(4,742,061)</u>	<u>2,823,431</u>
1,506,250	3,198,810	(158,810)
-	(940,000)	(810,000)
-	-	259,062
2,604,930	2,604,930	1,231,980
<u>(2,604,930)</u>	<u>(2,604,930)</u>	<u>(1,238,886)</u>
<u>1,506,250</u>	<u>2,258,810</u>	<u>(716,654)</u>
1,438,005	(2,483,251)	2,106,777
8,484,824	8,484,824	-
<u>\$ 9,922,829</u>	<u>\$ 6,001,573</u>	<u>\$ 2,106,777</u>

CITY OF WAVERLY, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2008

	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenue:			
Taxes	\$ 6,250,035	\$ (3,965)	\$ 6,246,070
Special Assessments	82,626	(43,922)	38,704
Licenses and Permits	87,681	1,415	89,096
Intergovernmental Revenue	2,305,515	533,486	2,839,001
Charges for Services	4,144,325	(8,410)	4,135,915
Fines and Forfeits	60,696	(177)	60,519
Contributions	46,086	159	46,245
Revenue from Use of Property	167,112	-	167,112
Interest on Investments	292,356	(30,488)	261,868
Miscellaneous	121,322	(6,813)	114,509
Total Revenue	<u>13,557,754</u>	<u>441,285</u>	<u>13,999,039</u>
Expenditures/Expenses:			
Public Safety	2,524,726	2,737	2,527,463
Public Works	1,261,408	100,256	1,361,664
Health and Social Services	392,368	(171,196)	221,172
Culture and Recreation	1,953,748	483,765	2,437,513
Community and Economic Development	418,761	5,568	424,329
General Government	754,758	5,131	759,889
Capital Projects	2,312,533	36,791	2,349,324
Debt Service	1,964,766	(380)	1,964,386
Business-Type Activities	3,893,316	(511,294)	3,382,022
Total Expenditures/Expenses	<u>15,476,384</u>	<u>(48,622)</u>	<u>15,427,762</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(1,918,630)</u>	<u>489,907</u>	<u>(1,428,723)</u>
Other financing sources (uses):			
Issuance of Debt	3,040,000	(1,946,733)	1,093,267
Refunding Bond Payments	(1,750,000)	1,160,388	(589,612)
Proceeds from Sale of Capital Assets	259,062	-	259,062
Contributed Capital Revenue	-	138,522	138,522
Transfers In	3,836,910	-	3,836,910
Transfers Out	(3,843,816)	-	(3,843,816)
Total other financing sources (uses)	<u>1,542,156</u>	<u>(647,823)</u>	<u>894,333</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	<u>(376,474)</u>	<u>(157,916)</u>	<u>(534,390)</u>
Fund Balance/Retained Earnings - beginning of year	<u>8,484,824</u>	<u>10,915,371</u>	<u>19,400,195</u>
Fund Balance/Retained Earnings - end of year	<u>\$ 8,108,350</u>	<u>\$ 10,757,455</u>	<u>\$ 18,865,805</u>

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2008

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Downtown TIF
Assets			
Cash and Cash Equivalents	\$ 300,677	\$ 650,000	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	2,851
Subsequent Year Taxes	-	-	183,727
Accrued Interest	-	827	-
Special Assessments	-	-	-
Due from Other Governmental Agencies	61,514	123,647	-
Prepaid Assets	-	-	-
Total Assets	<u>362,191</u>	<u>774,474</u>	<u>186,578</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	66,865	-	-
Accrued Wages	30,261	-	-
Due to Other Funds	-	259,004	109,135
Deferred Revenue - Subsequent Year Taxes	-	-	183,727
Deferred Revenue	-	-	-
Total Liabilities	<u>97,126</u>	<u>259,004</u>	<u>292,862</u>
Fund Balances:			
Reserved for:			
Perpetual Care	-	-	-
Prepaid Items	-	-	-
Unreserved	265,065	515,470	(106,284)
Total Fund Balances	<u>265,065</u>	<u>515,470</u>	<u>(106,284)</u>
Total Liabilities and Equity	<u>\$ 362,191</u>	<u>\$ 774,474</u>	<u>\$ 186,578</u>

Special Revenue Funds			Capital Projects			
Trees Forever	Cable TV	Municipal Band	Adams Parkway	Capital Improvement Fund	E Bremer Ave Streetscape	Walmart Project
\$ 15,966	\$ 54,698	\$ 2,542	\$ -	\$ 99,164	\$ -	\$ -
-	12,023	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	58,168	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,966	66,721	2,542	-	99,164	58,168	-
438	2,881	-	-	21,121	-	-
-	-	-	-	-	-	-
-	-	-	20,646	-	-	5,193
-	-	-	-	-	-	-
-	-	-	-	-	42,768	-
438	2,881	-	20,646	21,121	42,768	5,193
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,528	63,840	2,542	(20,646)	78,043	15,400	(5,193)
15,528	63,840	2,542	(20,646)	78,043	15,400	(5,193)
\$ 15,966	\$ 66,721	\$ 2,542	\$ -	\$ 99,164	\$ 58,168	\$ -

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2008

	Capital Projects		
	5th St NW/ 5th Ave NW	1st Ave SE Parking Lot	12th Street NW Reconstruction
Assets			
Cash and Pooled Investments	\$ -	\$ -	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	-
Taxes	-	-	-
Subsequent Year Taxes	-	-	-
Accrued Interest	-	-	-
Special Assessments	-	-	-
Due from Other Governmental Agencies	-	-	-
Prepaid Assets	-	-	-
Total Assets	-	-	-
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	-	-	-
Accrued Wages	-	-	-
Due to Other Funds	222	1,974	-
Deferred Revenue - Subsequent Year Taxes	-	-	-
Deferred Revenue	-	-	-
Total Liabilities	222	1,974	-
Fund Balances:			
Reserved for:			
Perpetual Care	-	-	-
Prepaid Items	-	-	-
Unreserved	(222)	(1,974)	-
Total Fund Balances	(222)	(1,974)	-
Total Liabilities and Equity	\$ -	\$ -	\$ -

Capital Projects							
Recreation Capital Improvement	3rd Street NE Parking Lot	9th Ave NW Reconstruction	3rd Street SE Bridge	1st NW & Bremer Intersection	Housing Rehab	2008 Flood	Public Works Facility
\$ 2,853	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ 649,072
-	-	-	-	-	477	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,431
-	-	-	-	-	-	-	-
-	-	-	-	-	9,500	569,344	-
-	-	-	-	-	-	23,101	-
2,853	-	-	20,000	-	9,977	592,445	650,503
-	-	-	-	-	612	544,916	20,289
-	-	-	-	-	-	-	-
-	-	-	-	-	705	47,529	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,317	592,445	20,289
-	-	-	-	-	-	-	-
-	-	-	-	-	-	23,101	-
2,853	-	-	20,000	-	8,660	(23,101)	630,214
2,853	-	-	20,000	-	8,660	-	630,214
\$ 2,853	\$ -	\$ -	\$ 20,000	\$ -	\$ 9,977	\$ 592,445	\$ 650,503

CITY OF WAVERLY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2008

	Capital Projects			
	Dry Run	4th Ave SW	Fire Station	Cent Oaks IIIA & III
Assets				
Cash and Pooled Investments	\$ 120,112	\$ -	\$ -	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	-
Subsequent Year Taxes	-	-	-	-
Accrued Interest	-	-	-	-
Special Assessments	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
Prepaid Assets	-	-	-	-
Total Assets	<u>120,112</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	-	-	-	-
Accrued Wages	-	-	-	-
Due to Other Funds	-	-	-	118
Deferred Revenue - Subsequent Year Taxes	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>118</u>
Fund Balances:				
Reserved for:				
Perpetual Care	-	-	-	-
Prepaid Items	-	-	-	-
Unreserved	120,112	-	-	(118)
Total Fund Balances	<u>120,112</u>	<u>-</u>	<u>-</u>	<u>(118)</u>
Total Liabilities and Equity	<u>\$ 120,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects						Permanent	Governmental Nonmajor Funds
1st NW Parking Lot	Crestwood Trail Project	16th Street Sidewalk	5th Ave SW (4th to 8th)	Oak Ridge Circle/ Tech Place	Industrial Tech Plaza	Cemetery Perpetual Care Fund	
\$ 49,667	\$ -	\$ 3,398	\$ 18,735	\$ 57,312	\$ 203,380	\$ 461,043	\$ 2,708,619
-	-	-	-	-	-	-	12,500
-	-	-	-	-	-	-	2,851
-	-	-	-	-	-	-	183,727
-	-	-	-	-	-	-	2,258
-	-	-	-	-	-	-	58,168
-	32,318	-	-	-	-	-	796,323
-	-	-	-	-	-	-	23,101
49,667	32,318	3,398	18,735	57,312	203,380	461,043	3,787,547
6,057	2,165	13,363	-	-	-	-	678,707
-	-	-	-	-	-	-	30,261
-	2,188	-	-	-	-	-	446,714
-	-	-	-	-	-	-	183,727
-	-	-	-	-	-	-	42,768
6,057	4,353	13,363	-	-	-	-	1,382,177
-	-	-	-	-	-	461,043	461,043
-	-	-	-	-	-	-	23,101
43,610	27,965	(9,965)	18,735	57,312	203,380	-	1,921,226
43,610	27,965	(9,965)	18,735	57,312	203,380	461,043	2,405,370
\$ 49,667	\$ 32,318	\$ 3,398	\$ 18,735	\$ 57,312	\$ 203,380	\$ 461,043	\$ 3,787,547

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
JUNE 30, 2008

	Special Revenue Funds		
	Road Use Tax	Local Option Sales Tax	Downtown TIF
Revenue:			
Taxes	\$ -	\$ 803,943	\$ 178,923
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	771,556	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	31,631	-
Miscellaneous	7,152	-	-
Total Revenue	778,708	835,574	178,923
Expenditures:			
Public Works	881,688	19,800	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
General Government	-	-	-
Capital Projects	-	-	-
Total Expenditures	881,688	19,800	-
Excess (deficiency) of revenues over expenditures	(102,980)	815,774	178,923
Other financing sources (uses):			
Issuance of Debt	-	-	-
Proceeds from Sale of Capital Assets	750	-	-
Transfers In	68,806	-	-
Transfers Out	-	(1,089,239)	(276,321)
Total other financing sources (uses)	69,556	(1,089,239)	(276,321)
Net Change in Fund Balance	(33,424)	(273,465)	(97,398)
Fund balances (deficits) -beginning of year	298,489	788,935	(8,886)
Fund balances (deficits) - end of year	\$ 265,065	\$ 515,470	\$ (106,284)

Special Revenue Funds			Capital Projects			
Trees Forever	Cable TV	Municipal Band	Adams Parkway	Capital Improvement Fund	E Bremer Ave Streetscape	Walmart Project
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	24,624	-
-	43,857	-	-	-	-	-
12,350	-	-	-	303,350	-	-
-	-	2,225	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,747	-	-
-	-	-	190	130	-	-
12,350	43,857	2,225	190	307,227	24,624	-
-	-	-	-	-	-	-
-	-	57	-	-	-	-
16,349	-	-	-	-	-	-
-	17,515	-	-	-	-	-
-	-	-	20,836	73,334	-	-
16,349	17,515	57	20,836	73,334	-	-
(3,999)	26,342	2,168	(20,646)	233,893	24,624	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(200,000)	(18,288)	-
-	-	-	-	(200,000)	(18,288)	-
(3,999)	26,342	2,168	(20,646)	33,893	6,336	-
19,527	37,498	374	-	44,150	9,064	(5,193)
\$ 15,528	\$ 63,840	\$ 2,542	\$ (20,646)	\$ 78,043	\$ 15,400	\$ (5,193)

CITY OF WAVERLY, IOWA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Nonmajor Funds

JUNE 30, 2008

	Capital Projects		
	5th St NW/ 5th Ave NW	1st Ave SE Parking Lot	12th Street NW Reconstruction
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	-	-	-
Contributions	-	-	-
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	1,842	-
Total Revenue	-	1,842	-
Expenditures:			
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
General Government	-	-	-
Capital Projects	222	-	-
Total Expenditures	222	-	-
Excess (deficiency) of revenues over expenditures	(222)	1,842	-
Other financing sources (uses):			
Issuance of Debt	-	-	-
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	(18,806)
Total other financing sources (uses)	-	-	(18,806)
Net Change in Fund Balance	(222)	1,842	(18,806)
Fund balances (deficits) -beginning of year	-	(3,816)	18,806
Fund balances (deficits) - end of year	\$ (222)	\$ (1,974)	\$ -

Capital Projects							
Recreation Capital Improvement	3rd Street NE Parking Lot	9th Ave NW Reconstruction	3rd Street SE Bridge	1st NW & Bremer Intersection	Housing Rehab	2008 Flood	Public Works Facility
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
75,000	-	-	-	-	32,789	569,344	-
-	-	-	-	-	1,113	-	-
-	-	-	-	-	-	-	-
3,613	-	-	-	-	-	-	37,928
-	-	-	-	-	-	-	56
78,613	-	-	-	-	33,902	569,344	37,984
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
151,131	573	-	-	573	33,449	569,344	687,674
151,131	573	-	-	573	33,449	569,344	687,674
(72,518)	(573)	-	-	(573)	453	-	(649,690)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	144,876	2,597	20,000	19,059	-	-	100,000
(155,000)	-	-	-	-	-	-	-
(155,000)	144,876	2,597	20,000	19,059	-	-	100,000
(227,518)	144,303	2,597	20,000	18,486	453	-	(549,690)
230,371	(144,303)	(2,597)	-	(18,486)	8,207	-	1,179,904
\$ 2,853	\$ -	\$ -	\$ 20,000	\$ -	\$ 8,660	\$ -	\$ 630,214

CITY OF WAVERLY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
JUNE 30, 2008

	Capital Projects			
	Dry Run	4th Ave SW	Fire Station	Cent Oaks IIIA & III
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental Revenue	-	139,734	-	-
Contributions	-	-	-	-
Rental Income	-	-	-	-
Interest	-	-	22,366	-
Miscellaneous	250	-	-	-
Total Revenue	250	139,734	22,366	-
Expenditures:				
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	-	-	-	-
General Government	-	-	-	-
Capital Projects	42,670	270,656	85,186	61
Total Expenditures	42,670	270,656	85,186	61
Excess (deficiency) of revenues over expenditures	(42,420)	(130,922)	(62,820)	(61)
Other financing sources (uses):				
Issuance of Debt	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Transfers In	50,000	137,572	-	-
Transfers Out	-	-	(491,052)	-
Total other financing sources (uses)	50,000	137,572	(491,052)	-
Net Change in Fund Balance	7,580	6,650	(553,872)	(61)
Fund balances (deficits) -beginning of year	112,532	(6,650)	553,872	(57)
Fund balances (deficits) - end of year	\$ 120,112	\$ -	\$ -	\$ (118)

Capital Projects						Permanent	Governmental Nonmajor Funds
1st NW Parking Lot	Crestwood Trail Project	16th Street Sidewalk	5th Ave SW (4th to 8th)	Oak Ridge Circle/ Tech Place	Industrial Tech Plaza	Cemetery Perpetual Care Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 982,866
-	-	-	-	-	-	-	24,624
-	-	-	-	-	-	-	43,857
-	32,318	-	-	-	-	-	1,936,441
-	-	-	-	-	-	4,416	7,754
-	-	-	-	-	31,492	-	31,492
-	-	-	-	-	-	-	99,285
-	330	-	265	-	-	-	10,215
-	32,648	-	265	-	31,492	4,416	3,136,534
-	-	-	-	-	-	-	901,488
-	-	-	-	-	-	-	57
-	-	-	-	-	-	-	16,349
-	-	-	-	-	-	-	17,515
249,922	44,173	58,812	5,550	41,204	13,954	-	2,349,324
249,922	44,173	58,812	5,550	41,204	13,954	-	3,284,733
(249,922)	(11,525)	(58,812)	(5,285)	(41,204)	17,538	4,416	(148,199)
515,000	-	-	-	-	-	-	515,000
-	-	-	-	-	88,000	-	88,750
-	40,000	-	25,000	100,000	-	-	707,910
-	-	-	-	-	-	-	(2,248,706)
515,000	40,000	-	25,000	100,000	88,000	-	(937,046)
265,078	28,475	(58,812)	19,715	58,796	105,538	4,416	(1,085,245)
(221,468)	(510)	48,847	(980)	(1,484)	97,842	456,627	3,490,615
\$ 43,610	\$ 27,965	\$ (9,965)	\$ 18,735	\$ 57,312	\$ 203,380	\$ 461,043	\$ 2,405,370

CITY OF WAVERLY, IOWA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>ELECTRIC UTILITY</u>				
<u>Assets</u>				
Cash in Bank	\$ 31,250	\$ -	\$ 14,626	\$ 16,624
Accounts Receivable	745,386	7,267,502	7,301,094	711,794
Other Receivable	33,290	-	33,290	-
Total Assets	809,926	7,267,502	7,349,010	728,418
<u>Liabilities</u>				
Due to Other Governments	774,446	7,241,799	7,313,530	702,715
Other Payables	35,480	25,703	35,480	25,703
Total Liabilities	\$ 809,926	\$ 7,267,502	\$ 7,349,010	\$ 728,418

CITY OF WAVERLY STATISTICAL SECTION

This part of the City of Waverly's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:	Pages
Financial Trends	77 – 84
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	85 – 88
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	89 – 97
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	98 – 99
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	99 – 104
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year.

City of Waverly, Iowa
Government-Wide Net Assets by Component²
Last Five Fiscal Years¹
(accrual basis of accounting)

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
				<u>2008</u>
Governmental Activities				
Invested in Capital Assets, net of related debt	\$ 15,223,416	\$ 13,769,685	\$ 13,874,528	\$ 18,880,181
Restricted	439,592	2,642,776	451,600	907,320
Unrestricted	3,575,388	4,288,547	7,690,383	5,696,327
Total Governmental Activities Net Assets	<u>\$ 19,238,396</u>	<u>\$ 20,701,008</u>	<u>\$ 22,016,511</u>	<u>\$ 25,483,828</u>
				<u>\$ 27,223,062</u>
Business-type Activities				
Invested in Capital Assets, net of related debt	\$ 8,819,772	\$ 9,024,813	\$ 10,367,357	\$ 10,825,782
Restricted	-	689,551	268,943	294,728
Unrestricted	2,640,049	2,325,551	1,461,106	1,510,592
Total Business-type Activities Net Assets	<u>\$ 11,459,821</u>	<u>\$ 12,039,915</u>	<u>\$ 12,097,406</u>	<u>\$ 12,631,102</u>
				<u>\$ 12,812,146</u>
Primary Government				
Invested in Capital Assets, net of related debt	\$ 24,043,188	\$ 22,794,498	\$ 24,241,885	\$ 29,705,963
Restricted	439,592	3,332,327	720,543	1,202,048
Unrestricted	6,215,437	6,614,098	9,151,489	7,206,919
Total Primary Government Activities Net Assets	<u>\$ 30,698,217</u>	<u>\$ 32,740,923</u>	<u>\$ 34,113,917</u>	<u>\$ 38,114,930</u>
				<u>\$ 40,035,208</u>

Notes:

- 1) The City implemented GASB Statement No. 34 in fiscal year 2004, therefore, five years of government-wide financial data is presented.
- 2) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Iowa or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.

City of Waverly, Iowa
Changes in Net Assets
Last Five Fiscal Years (1)

Fiscal Year

	2004	2005	2006	2007	2008
Expenses					
Governmental Activities:					
General Government	\$ 717,406	\$ 653,628	\$ 337,530	\$ 636,525	\$ 657,669
Public Safety	1,457,558	2,375,953	1,702,173	1,594,179	1,826,343
Public Works	337,158	2,346,295	2,229,068	2,583,298	3,051,121
Health and Social Services	-	5,956	4,470	40,492	371,172
Community & Economic Development	145,857	100,224	260,829	323,131	453,463
Culture and Recreation	1,890,816	1,848,445	1,940,735	2,008,138	2,391,710
Debt Service	558,303	616,883	677,574	629,037	581,318
Capital Projects	772,802	-	124,404	-	-
Total Governmental Activities Expenses	\$ 5,879,900	\$ 7,947,384	\$ 7,276,783	\$ 7,814,800	\$ 9,332,796
Business-type Activities					
Water	\$ 934,857	\$ 1,009,669	\$ 935,603	\$ 992,197	\$ 1,004,759
Sewer	1,302,613	1,294,864	1,363,527	1,340,567	1,459,406
Solid waste	677,072	720,941	787,681	794,029	917,857
Total Business-type Activities Expenses	\$ 2,914,542	\$ 3,025,474	\$ 3,086,811	\$ 3,126,793	\$ 3,382,022
Total Primary Government Expenses	\$ 8,794,442	\$ 10,972,858	\$ 10,363,594	\$ 10,941,593	\$ 12,714,818
Program Revenues²					
Governmental Activities:					
Charges for Services					
General Government	\$ 214,684	\$ 197,218	\$ 276,152	\$ 248,926	\$ 288,618
Public Safety	175,223	209,491	190,165	66,869	53,784
Public Works	215,740	241,750	57,233	94,986	76,341
Health and Social Services	-	-	-	-	-
Community & Economic Development	-	-	-	-	24,002
Culture and Recreation	618,652	640,162	646,625	668,242	574,588
Operating Grants and Contributions	1,273,888	1,083,524	1,102,485	1,380,110	2,162,998
Capital Grants and Contributions	-	1,330,195	23,000	1,404,076	803,799
Total Governmental Activities Program Revenues	\$ 2,498,187	\$ 3,702,340	\$ 2,295,660	\$ 3,863,209	\$ 3,984,130
Business-type Activities:					
Charges for services:					
Water	915,628	2,924,792	928,360	1,065,811	1,086,607
Sewer	1,060,088	940,144	1,323,162	1,423,835	1,426,363
Solid waste	749,942	1,173,966	828,387	838,647	913,187
Capital Grants and Contributions	-	810,682	159,028	369,790	138,522
Total Business-Type Activities Program Revenues	\$ 2,725,658	\$ 3,435,888	\$ 3,238,937	\$ 3,698,083	\$ 3,564,679
Total Primary Government Program Revenues	\$ 5,223,845	\$ 7,138,228	\$ 5,534,597	\$ 7,561,292	\$ 7,548,809

	2004	2005	2006	2007	2008
Net (Expense)/Revenue					
Governmental Activities:					
Business-type Activities	(3,381,713)	(4,245,044)	(4,981,123)	(3,951,591)	(5,348,666)
	(188,884)	410,414	152,126	571,290	182,657
Total Primary Government Net Expense	<u>\$ (3,570,597)</u>	<u>\$ (3,834,630)</u>	<u>\$ (4,828,997)</u>	<u>\$ (3,380,301)</u>	<u>\$ (5,166,009)</u>
General Revenues					
Governmental Activities:					
Property Taxes	\$ 3,243,081	\$ 3,405,718	\$ 3,623,336	\$ 4,955,605	\$ 5,269,029
Other Taxes	562,401	636,502	711,455	-	-
Local Option Sales Tax	500,793	782,317	619,941	708,172	803,943
Hotel/Motel Taxes	58,176	140,467	143,631	144,854	173,098
Special Assessment	19,781	-	-	-	-
Interest	49,554	78,837	223,744	283,245	193,573
General Intergovernmental Revenues	280,986	496,854	635,103	169,440	178,926
Contributions	131,292	-	-	-	-
Gain (Loss) on Sale of Assets	32,749	(14,730)	-	910,094	259,062
Miscellaneous	120,097	81,691	156,570	53,029	75,766
Transfers	32,633	100,000	182,846	194,469	134,503
Total Governmental Activities	<u>\$ 5,031,543</u>	<u>\$ 5,707,656</u>	<u>\$ 6,296,626</u>	<u>\$ 7,418,908</u>	<u>\$ 7,087,900</u>
Business-type Activities:					
Investment Earnings	\$ 64,284	\$ 68,664	\$ 101,656	\$ 103,118	\$ 70,915
Contributions	51,000	-	-	-	-
Miscellaneous	47,332	78,070	68,474	53,757	61,975
Transfers	(32,633)	(100,000)	(182,846)	(194,469)	(134,503)
Total Business-type Activities	<u>\$ 129,983</u>	<u>\$ 46,734</u>	<u>\$ (12,716)</u>	<u>\$ (37,594)</u>	<u>\$ (1,613)</u>
Total Primary Government	<u>\$ 5,161,526</u>	<u>\$ 5,754,390</u>	<u>\$ 6,283,910</u>	<u>\$ 7,381,314</u>	<u>\$ 7,086,287</u>
Change in Net Assets					
Governmental Activities	1,649,830	1,462,612	1,315,503	3,467,317	1,739,234
Business-type Activities	(58,901)	457,148	139,410	533,696	181,044
Total Primary Government	<u>\$ 1,590,929</u>	<u>\$ 1,919,760</u>	<u>\$ 1,454,913</u>	<u>\$ 4,001,013</u>	<u>\$ 1,920,278</u>

Notes:

- 1) The City implemented GASB Statement No. 34 in fiscal year 2004, therefore, five years of government-wide financial data is presented.
- 2) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues.

**City of Waverly, Iowa
Tax Revenues By Source
Last Ten Fiscal Years
(cash basis of accounting)**

Fiscal Year	General Property Tax	Local Option Sales Tax¹	Bank Franchise Tax²	Tax Increment Financing Taxes	Cable TV Franchise Tax	Hotel - Motel Tax¹	Total Taxes
1999	2,557,808	-	40,483	605,264	22,142	-	3,225,697
2000	2,660,291	-	39,428	556,802	29,668	-	3,286,189
2001	2,819,551	-	23,279	508,446	34,068	-	3,385,344
2002	2,951,815	-	38,305	463,321	35,742	-	3,489,183
2003	3,105,328	-	41,078	485,238	40,292	-	3,671,936
2004	3,243,081	455,716	47,092	562,401	45,714	58,176	4,412,180
2005	3,405,718	762,930	14,351	637,467	48,750	131,802	5,001,018
2006	3,623,336	613,218	-	688,065	48,070	146,890	5,119,579
2007	3,962,657	708,172	-	992,950	52,620	144,852	5,861,251
2008	4,227,819	803,943	-	1,041,210	49,784	173,098	6,295,854

Percentage Change In Dollars Over 10 Years	65.29%	76.41%	N/A	72.03%	124.84%	197.54%	95.18%
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Notes:

¹ Local Option tax started in July of 2003. Hotel-Motel tax started in January 2004.

² Bank franchise taxes were implemented for ten years and were completed during fiscal year 2005.

City of Waverly, Iowa
Fund Balances of Governments Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund					
Reserved	\$ 73,635	\$ 82,009	\$ 87,889	\$ 117,216	\$ 33,165
Unreserved	<u>1,387,912</u>	<u>1,746,171</u>	<u>1,423,146</u>	<u>1,307,610</u>	<u>1,347,586</u>
Total General Fund	\$ 1,461,547	\$ 1,828,180	\$ 1,511,035	\$ 1,424,826	\$ 1,380,751
All Other Governmental Funds					
Reserved	\$ 165,206	\$ 85,910	\$ 71,770	\$ 50,051	\$ 5,406
Unreserved, reported in:					
Special Revenue Funds	753,773	990,870	661,255	578,201	488,445
Capital Projects Funds	<u>800,104</u>	<u>1,365,480</u>	<u>1,727,904</u>	<u>1,686,968</u>	<u>1,461,858</u>
Total All Other Governmental Funds ¹	<u>\$ 1,719,083</u>	<u>\$ 2,442,260</u>	<u>\$ 2,460,929</u>	<u>\$ 2,315,220</u>	<u>\$ 1,955,709</u>
Total Governmental Funds					
Reserved	\$ 238,841	\$ 167,919	\$ 159,659	\$ 167,267	\$ 38,571
Unreserved, reported in:					
General Fund	1,387,912	1,746,171	1,423,146	1,307,610	1,347,586
Special Revenue Funds	753,773	990,870	661,255	578,201	488,445
Capital Projects Funds	<u>800,104</u>	<u>1,365,480</u>	<u>1,727,904</u>	<u>1,686,968</u>	<u>1,461,858</u>
Total Governmental Funds	<u>\$ 3,180,630</u>	<u>\$ 4,270,440</u>	<u>\$ 3,971,964</u>	<u>\$ 3,740,046</u>	<u>\$ 3,336,460</u>

Notes:

The fluctuations in the fund balance result from construction projects in which funds are borrowed in one year and spent in another fiscal year.

¹

Fiscal Year				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 48,370	\$ 47,265	\$ 56,105	\$ 65,635	\$ 59,122
1,314,653	1,453,064	1,377,426	2,688,512	2,896,720
<u>\$ 1,363,023</u>	<u>\$ 1,500,329</u>	<u>\$ 1,433,531</u>	<u>\$ 2,754,147</u>	<u>\$ 2,955,842</u>
\$ 452,714	\$ 2,642,776	\$ 470,369	\$ 511,995	\$ 516,770
239,392	848,604	1,287,143	1,604,900	1,415,982
1,760,337	1,780,788	4,674,246	1,898,051	1,165,065
<u>\$ 2,452,443</u>	<u>\$ 5,272,168</u>	<u>\$ 6,431,758</u>	<u>\$ 4,014,946</u>	<u>\$ 3,097,817</u>
\$ 501,084	\$ 2,690,041	\$ 526,474	\$ 577,630	\$ 575,892
1,314,653	1,453,064	1,377,426	2,688,512	2,896,720
239,392	848,604	1,287,143	1,604,900	1,415,982
1,760,337	1,780,788	4,674,246	1,898,051	1,165,065
<u>\$ 3,815,466</u>	<u>\$ 6,772,497</u>	<u>\$ 7,865,289</u>	<u>\$ 6,769,093</u>	<u>\$ 6,053,659</u>

City of Waverly, Iowa
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	1999	2000	2001	2002
Revenues				
Taxes	\$ 3,163,072	\$ 3,217,093	\$ 3,328,017	\$ 3,415,136
Licenses and Permits	94,573	130,149	108,410	173,340
Intergovernmental	1,591,233	2,527,369	1,795,639	2,445,506
Charges for Services	653,997	632,649	606,146	638,450
Fines and Forfeits	-	-	-	-
Investment Earnings	170,879	164,835	278,247	159,424
Rental Income	-	-	-	-
Special Assessments	-	-	-	-
Contributions	-	-	-	-
Proceeds from the Sale of Real Estate & Equipment	-	-	-	-
Refunds	-	-	-	-
Miscellaneous	481,675	485,269	400,919	393,088
Total Revenues	<u>\$ 6,155,429</u>	<u>\$ 7,157,364</u>	<u>\$ 6,517,378</u>	<u>\$ 7,224,944</u>
Expenditures¹				
Public Safety	-	-	-	-
Community Protection	1,025,280	1,013,337	1,224,628	1,304,717
Public Works	-	-	-	-
Health and Social Services	-	-	-	-
Culture and Recreation	-	-	-	-
Human Development	1,181,490	1,399,114	1,443,020	1,483,736
Community and Economic Development	-	-	-	-
Home and Community Development	1,149,602	2,249,928	1,583,322	1,636,001
General Government	-	-	-	-
Policy and Administration	544,342	522,861	528,207	566,585
Debt Service	-	-	-	-
Principal	1,696,600	695,000	1,130,000	1,219,228
Interest	407,047	214,877	361,152	318,522
Capital Projects	1,667,312	2,027,552	4,262,075	5,411,214
Total Expenditures	<u>\$ 7,671,673</u>	<u>\$ 8,122,669</u>	<u>\$ 10,532,404</u>	<u>\$ 11,940,003</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(1,516,244)	(965,305)	(4,015,026)	(4,715,059)
Other Financing Sources (Uses)				
Issuance of Bonds and Notes	513,000	2,456,644	3,119,650	4,339,154
Payment of Refunded Bonds	-	-	-	-
Transfers In	1,512,659	715,653	2,971,114	1,530,721
Transfers Out	(1,296,202)	(1,156,615)	(2,451,114)	(1,387,292)
Sale of Fixed Assets	17,911	36,789	7,110	-
Total Other Financing Sources (Uses)	<u>\$ 747,368</u>	<u>\$ 2,052,471</u>	<u>\$ 3,646,760</u>	<u>\$ 4,482,583</u>
Net change in fund balances	<u>\$ (768,876)</u>	<u>\$ 1,087,166</u>	<u>\$ (368,266)</u>	<u>\$ (232,476)</u>
Debt service as a percentage of non-capital expenditures ²	35.04%	14.93%	23.78%	23.55%

Notes:

¹ The State of Iowa program levels changed in 1997 and in 2003.

² The non-capital expenditures for years 1997-2003 is not readily available.

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 3,590,566	\$ 4,364,451	\$ 4,965,004	\$ 5,098,363	\$ 5,808,631	\$ 6,246,070
124,133	181,939	132,251	20,461	104,771	89,096
2,036,841	1,554,873	1,653,304	1,862,099	2,289,765	2,839,001
741,935	998,372	804,429	816,965	826,422	762,581
-	43,989	46,214	48,530	43,692	60,519
85,070	48,082	78,837	223,744	281,232	190,953
-	-	50,450	48,460	86,141	105,137
-	19,781	53,956	29,557	14,824	24,624
1,679	131,292	32,699	52,076	19,943	46,245
-	62,724	4,000	9,690	-	-
-	-	-	424,806	-	-
481,661	124,136	81,691	155,922	60,087	75,766
<u>\$ 7,061,885</u>	<u>\$ 7,529,639</u>	<u>\$ 7,902,835</u>	<u>\$ 8,790,673</u>	<u>\$ 9,535,508</u>	<u>\$ 10,439,992</u>
1,275,046	1,436,963	2,142,727	1,806,846	1,505,718	2,527,463
-	-	-	-	-	-
939,123	1,061,314	1,106,425	1,150,898	1,120,069	1,361,664
-	-	5,956	4,470	40,492	371,172
1,702,179	1,894,714	1,749,569	1,870,055	2,092,858	1,965,203
-	-	-	-	-	-
112,626	145,857	100,224	683,676	211,505	424,329
-	-	-	-	-	-
650,401	584,231	587,689	681,145	708,594	759,889
-	-	-	-	-	-
1,678,632	1,081,664	1,086,164	3,264,741	1,465,223	1,365,468
707,969	615,031	549,564	626,454	608,512	598,918
1,391,725	772,802	1,240,044	1,787,442	4,116,093	2,671,634
<u>\$ 8,457,701</u>	<u>\$ 7,592,576</u>	<u>\$ 8,568,362</u>	<u>\$ 11,875,727</u>	<u>\$ 11,869,064</u>	<u>\$ 12,045,740</u>
(1,395,816)	(62,937)	(665,527)	(3,085,054)	(2,333,556)	(1,605,748)
693,336	81,610	3,522,558	4,040,000	124,983	1,093,267
1,482,771	1,621,927	1,601,076	1,829,403	2,439,569	(589,612)
(1,356,247)	(1,589,294)	(1,501,076)	(1,691,557)	(2,245,100)	3,836,910
171,501	-	-	-	917,908	(3,709,313)
<u>\$ 991,361</u>	<u>\$ 114,243</u>	<u>\$ 3,622,558</u>	<u>\$ 4,177,846</u>	<u>\$ 1,237,360</u>	<u>\$ 259,062</u>
<u>\$ 991,361</u>	<u>\$ 114,243</u>	<u>\$ 3,622,558</u>	<u>\$ 4,177,846</u>	<u>\$ 1,237,360</u>	<u>\$ 890,314</u>
\$ (404,455)	\$ 51,306	\$ 2,957,031	\$ 1,092,792	\$ (1,096,196)	\$ (715,434)
33.78%	24.88%	22.32%	38.57%	26.75%	20.96%

City of Waverly, Iowa
Assessed and Taxable Value of Taxable Property ¹
Last Ten Fiscal Years

Fiscal Year	Real Property		Utilities ³		Total		Total Direct Tax Rate	Total Taxable Value To Total Assessed Value
	Assessed Value	Taxable Value ²	Assessed Value	Taxable Value	Assessed Value	Taxable Value		
1999	\$ 309,383,122	\$ 202,638,719	\$ 6,219,739	\$ 7,065,320	\$ 315,602,861	\$ 209,704,039	11.825	66.45%
2000	315,372,490	213,352,556	6,015,930	6,015,930	321,388,420	219,368,486	11.767	68.26%
2001	342,645,740	224,675,982	5,824,544	5,822,822	348,470,284	230,498,804	12.051	66.15%
2002	337,725,070	226,919,161	5,793,703	5,793,703	343,518,773	232,712,864	12.472	67.74%
2003	370,510,662	230,667,689	6,131,301	6,127,965	376,641,963	236,795,654	12.969	62.87%
2004	373,740,464	231,242,928	6,391,538	6,391,538	380,132,002	237,634,466	13.472	62.51%
2005	387,241,882	228,587,942	5,739,643	6,122,573	392,981,525	234,710,515	14.305	59.73%
2006	400,227,354	234,339,310	5,813,677	5,898,577	406,041,031	240,237,887	14.852	59.17%
2007	463,670,117	256,420,559	6,391,451	6,095,819	470,061,568	262,516,378	14.699	55.85%
2008	490,500,027	268,565,295	6,910,814	5,536,691	497,410,841	274,101,986	15.071	55.11%

Source: Bremer County, Iowa; County Auditor

The county reassesses by January 1 for the following fiscal year. The state sets the rollback percentage for the taxable value. In Notes: FY 2008 this percentage is 45.5596%.

¹ Taxable Value does not include the Tax Increment Levy

² Taxable value = (percent rollback * assessed value) - exemptions (military, homestead, elderly, etc.)

³ Utilities includes Railroads, Utilities, and Gas & Electric

City of Waverly, Iowa
Property Tax Rates- Direct and Overlapping Governments
(Per \$1,000 of Taxable Value)
Last Ten Fiscal Years
Tax Rates

Fiscal Year	City of Waverly				Overlapping Rates				
	General	Special Revenue	Debt Service	Total Direct	Waverly - Shell Rock School	Bremer County	Hawkeye Community College	Total Overlapping	Total Direct and Overlapping
1999	\$ 8.765	\$ 0.524	\$ 2.536	\$11.825	\$ 13.129	\$ 5.275	\$ 0.696	\$ 19.100	\$ 30.925
2000	8.730	0.712	2.325	11.767	12.334	4.481	0.715	17.530	29.297
2001	8.741	0.774	2.536	12.051	12.286	4.645	0.694	17.625	29.676
2002	8.733	0.973	2.766	12.472	12.002	4.430	0.699	17.131	29.603
2003	8.804	1.126	3.039	12.969	12.370	4.453	0.784	17.608	30.577
2004	8.814	1.353	3.305	13.472	12.259	4.954	0.746	17.959	31.431
2005	8.793	2.234	3.278	14.305	12.101	6.318	0.995	19.415	33.720
2006	8.837	2.814	3.201	14.852	12.020	6.668	1.067	19.755	34.607
2007	8.850	2.835	3.014	14.699	12.371	6.337	1.040	19.748	34.447
2008	\$ 8.555	\$ 3.782	\$ 2.734	\$15.071	\$ 12.390	\$ 6.520	\$ 0.828	\$ 19.738	\$ 34.809

Source: Bremer County Iowa: County Auditor

City of Waverly, Iowa
Principal Taxpayers and Their Assessed Valuations
June 30, 2008

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CUNA Mutual Life Insurance	\$ 10,510,920	1	1.98%	\$ 12,074,000	2	3.61%
Wal-Mart	7,613,500	2	1.43%	-	-	-
Nestle' USA	7,319,110	3	1.38%	16,913,495	1	5.05%
Birdworks LLC	6,788,040	4	1.28%	-	-	-
First National Bank	4,349,360	5	0.82%	2,025,642	6	0.60%
Terex Cranes, Inc. - Waverly	3,080,190	6	0.58%	6,106,060	3	1.82%
GMT Corporation	3,324,150	7	0.63%	2,085,402	5	0.62%
MDMPartnership	3,093,620	8	0.58%	1,814,390	10	0.54%
Village Square Plaza	2,806,460	9	0.53%	2,246,560	4	0.67%
State Bank & Trust Co.	2,562,160	10	0.48%	-	-	-
US West Communications	-	-	-	1,999,876	7	0.59%
Wav/Kaz Inc.	-	-	-	1,991,640	8	0.59%
Waverly Partners, L.P.	-	-	-	1924350	9	0.57%
Total Principal Taxpayers	51,447,510		9.68%	49,181,415		14.66%
All Other Taxpayers	<u>480,035,228</u>		<u>90.32%</u>	<u>285,426,934</u>		<u>85.34%</u>
Total Assessed Valuation	<u>\$ 531,482,738</u>		<u>100.00%</u>	<u>\$ 334,608,349</u>		<u>100.00%</u>

Source: Bremer County, Iowa: County Treasurer

City of Waverly, Iowa
Property Tax Levies and Collections ¹
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy ²</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
1999	\$ 2,501,244	\$ 2,557,808	102.26%
2000	2,596,924	2,660,291	102.44%
2001	2,749,411	2,819,551	102.55%
2002	2,872,431	2,951,815	102.76%
2003	3,048,979	3,105,328	101.85%
2004	3,236,314	3,243,081	100.21%
2005	3,400,347	3,405,718	100.16%
2006	3,612,645	3,623,336	100.30%
2007	3,903,182	4,107,509	105.23%
2008	\$ 4,215,820	\$ 4,400,917	104.39%

Source: Bremer County Treasurer, Bremer County, Iowa

Notes:

¹ GAAP Basis

² Collected totals for each fiscal year include delinquent and current property taxes.

City of Waverly, Iowa
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Special Assessment Loan Notes	Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Revenue Bonds				
1999	\$ 7,238,379	\$ 204,510	\$ 1,556,621	\$ 1,975,000	\$ 580,000	\$ 11,554,510	7.05%	\$ 1,288
2000	8,733,672	84,318	1,891,328	2,315,000	525,000	13,549,318	8.26%	1,511
2001	10,768,965	155,140	1,766,035	2,130,000	465,000	15,285,140	9.32%	1,704
2002	14,037,365	429,162	1,657,635	3,650,000	410,000	20,184,162	12.31%	2,251
2003	13,069,612	333,395	1,505,388	3,365,000	-	18,273,395	11.14%	2,038
2004	12,004,612	252,350	1,375,388	3,035,000	-	16,667,350	10.16%	1,859
2005	14,494,612	257,744	1,705,388	2,700,000	-	19,157,744	11.68%	2,136
2006	15,309,612	218,003	1,105,388	2,340,000	-	18,973,003	11.57%	2,116
2007	13,894,612	292,763	950,388	1,975,000	-	17,112,763	10.44%	1,908
2008	\$13,048,267	\$ 238,158	\$ 1,636,733	\$ 1,535,000	\$ -	\$ 16,458,158	7.94%	\$ 1,835

Notes:

¹ Population data used was the actual census from the year 2000 of 8,968.

² See the Schedule of Demographic and Economic Statistics on page 98 for personal income data. The 2000 figure was used for all years except 2008.

City of Waverly
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual ¹ Taxable Value of Property	Per Capita²
1999	\$ 8,795,000	\$ 159,398	\$ 8,635,602	4.12%	\$ 1,011
2000	10,625,000	85,910	10,539,090	4.80%	1,175
2001	12,535,000	71,770	12,463,230	5.41%	1,390
2002	15,695,000	50,051	15,644,949	6.72%	1,745
2003	14,575,000	5,406	14,569,594	6.15%	1,625
2004	13,380,000	13,122	13,366,878	5.62%	1,491
2005	16,200,000	2,197,444	14,002,556	5.97%	1,561
2006	16,415,000	18,769	16,396,231	6.82%	1,828
2007	14,845,000	55,356	14,789,644	5.63%	1,649
2008	\$ 14,685,000	\$ 32,626	\$ 14,652,374	5.35%	\$ 1,634

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the Table of Assessed Values and Taxable Value of Taxable Property for property value data.

² Population data used was the actual census from the year 2000 of 8,968.

City of Waverly, Iowa
Computation of Direct and Overlapping Debt³
June 30, 2008

Name of Governmental Unit	Debt Outstanding	Percentage ⁴ Applicable to City	Amount Applicable to City
Direct:			
City of Waverly	\$ 13,286,425	100%	\$ 13,286,425
Overlapping:			
Bremer County ¹	5,130,000	18%	923,400
Waverly-Shell Rock School District ²	<u>6,515,000</u>	44%	<u>2,866,600</u>
Total	<u>\$ 24,931,425</u>		<u>\$ 17,076,425</u>

Sources:

¹ County Auditor, Bremer County, Iowa

² Waverly-Shell Rock School District

Notes:

³ Excluding General Obligation bonds reported in the Enterprise Funds.

⁴ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

**City of Waverly
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Debt Limit	\$ 16,730,417	\$ 17,009,673	\$ 18,345,184	\$ 19,640,231
Total Net Debt Applicable to Limit	<u>8,525,310</u>	<u>10,623,408</u>	<u>12,667,697</u>	<u>15,793,339</u>
Legal Debt Margin	\$ 8,205,107	\$ 6,386,265	\$ 31,012,881	\$ 3,846,892
Total Net Debt Applicable to the Limit as a percentage of debt limit	50.96%	62.46%	69.05%	80.41%

Legal Debt Margin Calculation for Fiscal Year 2007

<u>Assessed Value</u>		
Real and Personal Property Within the City		\$ 531,482,738
TOTAL ESTIMATED VALUATION		<u>531,482,738</u>
DEBT LIMIT - 5% of ESTIMATED VALUATION		26,574,137
<u>Amount of Debt Applicable to Limit</u>		
Total Debt and Long-Term Notes Payable		16,458,158
Less:		
Revenue Bonds:		
Sewer Revenue Bonds	1,340,000	
Water Revenue Bonds	<u>195,000</u>	
		1,535,000
Amount Available for Repayment of General Obligation Debt		<u>32,626</u>
Debt Applicable to Debt Limit		<u>14,890,532</u>
Legal Debt Margin		<u>\$ 11,683,605</u>

Notes: Under Title IX, Subtitle 2, Chapter 358C, paragraph 16 of the Iowa State Code, the City's debt limit should not exceed 5% of the estimated value of the taxable property within that district.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 19,758,691	\$ 20,047,576	\$ 20,751,823	\$ 21,449,800	\$ 25,194,381	\$ 26,574,137
<u>14,638,096</u>	<u>13,366,878</u>	<u>16,200,000</u>	<u>16,832,236</u>	<u>15,082,395</u>	<u>14,890,532</u>
\$ 5,120,595	\$ 6,680,698	\$ 4,551,823	\$ 4,617,564	\$ 10,111,986	\$ 11,683,605
74.08%	66.68%	78.07%	78.47%	59.86%	56.03%

City of Waverly, Iowa
Water Revenue Bond Coverage
Last Ten Fiscal Years ¹

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available for Debt Service	Payments On Principal	Payments For Interest
1999	\$ 665,162	\$ 594,675	\$ 134,495	\$ 70,487	\$ 141,800	\$ 116,210
2000	742,102	678,265	160,922	63,837	196,800	117,217
2001	732,462	711,199	204,559	21,263	190,800	100,058
2002	693,298	699,280	181,974	(5,982)	193,800	110,925
2003	802,011	816,543	222,506	(14,532)	245,000	118,007
2004	915,628	844,817	226,489	70,811	220,000	90,040
2005	940,144	918,528	225,896	21,616	225,000	91,141
2006	928,360	839,001	234,258	89,359	245,000	96,602
2007	1,065,811	939,067	254,098	126,744	255,000	53,130
2008	\$ 1,086,607	\$ 958,476	\$ 259,751	\$ 128,131	\$ 260,000	\$ 46,283

Notes

¹ GAAP Basis

			Net Revenue Available For Debt Service Plus Depreciation		Coverage Without Depreciation
Total Debt Service Payments		Coverage			
\$	258,010	0.27	\$	204,982	0.79
	314,017	0.20		224,759	0.72
	290,858	0.07		225,822	0.78
	304,725	(0.02)		175,992	0.58
	363,007	(0.04)		207,974	0.57
	310,040	0.23		297,300	0.96
	316,141	0.07		247,512	0.78
	341,602	0.26		323,617	0.95
	308,130	0.41		380,842	1.24
\$	306,283	0.42		387,882	1.27

City of Waverly, Iowa
Sewer Revenue Bond Coverage
Last Ten Fiscal Years¹

Fiscal Year	Net Operating Revenue	Direct Operating Expense	Depreciation & Amortization Included in Expenses	Net Revenue Available For Debt Service	Payments On Principal	Payments For Interest
1999	\$ 703,969	\$ 762,970	\$ 207,176	\$ (59,001)	\$ 141,600	\$ 95,401
2000	808,213	925,142	311,117	(116,929)	134,600	104,492
2001	834,254	948,780	364,038	(114,526)	157,600	108,043
2002	873,799	1,012,818	356,616	(139,019)	164,600	106,146
2003	981,281	1,080,629	373,630	(99,348)	221,500	136,717
2004	1,060,088	1,185,001	377,805	(124,913)	240,000	117,612
2005	1,173,966	1,178,154	417,531	(4,188)	245,000	116,710
2006	1,323,162	1,255,668	421,538	67,494	255,000	107,859
2007	1,423,835	1,249,868	442,856	173,967	265,000	90,699
2008	\$ 1,426,363	\$ 1,379,356	\$ 455,447	\$ 47,007	\$ 280,000	\$ 80,050

Notes

¹ GAAP Basis

		Net Revenue		
		Available		
		For Debt		
		Service Plus		
		Depreciation		
		Coverage		
		Without		
		Depreciation		
Total	Coverage			
Debt Service				
Payments				
\$ 237,001	(0.25)	\$ 148,175	0.63	
239,092	(0.49)	194,188	0.81	
265,643	(0.43)	249,512	0.94	
270,746	(0.51)	217,597	0.80	
358,217	(0.28)	274,282	0.77	
357,612	(0.35)	252,892	0.71	
361,710	(0.01)	413,343	1.14	
362,859	0.19	489,032	1.35	
355,699	0.49	616,823	1.73	
\$ 360,050	0.13	502,454	1.40	

City of Waverly, Iowa
Demographic and Economic Statistics ¹
Selected Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income ²</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Educational Attainment Bachelor's Degree or Higher</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1970	7,205	\$ 21,334,005	\$ 2,961	25.2	n/a	2,582	3.80%
1980	8,444	60,644,808	7,182	27.4	n/a	2,282	4.60%
1990	8,539	101,972,738	11,942	32.5	n/a	2,120	4.20%
2000	8,968	163,979,880	18,285	34.1	1,618	1,944	2.40%
2008	9,269 (3)	207,403,144	\$ 22,376 (4)	35.2 (5)	1,888 (6)	1,895 (7)	2.70% (8)

Sources: U.S. Census Bureau

Notes:

1. Accurate statistical figures are only available every ten years.
2. Computation of per capita personal income multiplied by population.
3. Estimate by U.S. Census Bureau as of July 1, 2008
4. According to www.bestplaces.net/city/Waverly-Iowa
5. According to www.bestplaces.net/city/Waverly-Iowa
6. According to www.bestplaces.net/city/Waverly-Iowa
7. WSR school enrollment for 07-08.
8. According to www.bestplaces.net/city/Waverly-Iowa

**City of Waverly, Iowa
Principal Employers
Current Year ¹**

Employer	2008		
	Employees	Rank	Percentage of Total City Employment
CUNA Mutual Life Insurance	693	1	10.11%
Wartburg College	502	2	7.32%
Waverly Shell Rock Schools	428	3	6.24%
Waverly Health Center	320	4	4.67%
Terex Cranes, Inc. - Waverly Division	273	5	3.98%
Nestle USA, Beverage Division	250	6	3.65%
Bartels Lutheran Home	223	7	3.25%
GMT Corporation	219	8	3.20%
Lutheran Services in Iowa, Inc	200	9	2.92%
TDS Automation Inc.	148	10	2.16%
Total Employees of Principal Employers	3,256		47.51%
Other Employees	3,598		52.49%
Total Employees ₂	6,854		100.00%

Source:

Location One Information System website
Phone Survey

Note:

¹ Comparative data from nine years ago not currently available.

² Includes full-time and part-time employees based on a February 2008 survey.

City of Waverly, Iowa
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	9	9.5	9.5	9.5	10	10	11	10.5	11	11
Library	8.5	9	9.5	9.5	10	9.5	9.5	9.5	10	10
Public Safety										
Police										
Officers	14	15	15	15	15	15	15	15	16	16
Secretaries	1	1	1	1	1	1	1	1	1	1
Fire										
Firefighters and Officers	0.5	0.5	0.5	1	1	1	1	1	1	1
Volunteers	36	36	36	36	36	36	36	36	36	36
Highways and Streets										
Engineering/Zoning/Economic	4.5	4.5	5	5	5	5	5	5	6	7.5
Equipment Maintenance	2	2	2	2	2	2	2	2	2	2
Street Maintenance	7	7	7	7	7	7	7	7	7	7
Building Inspection ¹	1	1	2	2	2	2	2	1	0	0
Sanitation ²	6	7.5	7.5	8	8.5	8.5	8.5	8.5	8.5	8.5
Culture and Recreation ²	19	20	21	20.5	23.5	24.5	23	24	23	20
Water	3.5	3.5	4	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Sewer	6	6	6	6	6	6	6	6	6	6
	<u>118</u>	<u>122.5</u>	<u>126</u>	<u>126</u>	<u>130.5</u>	<u>131</u>	<u>130.5</u>	<u>130</u>	<u>131</u>	<u>129.5</u>

Source: City of Waverly Accounting Department

Notes:

¹ In 2005 the building inspection responsibilities was moved to Bremer County.

² Fluctuations in these functions were due to the number of part-time seasonal personnel.

City of Waverly, Iowa
Operating Indicators by Function
Last Ten Fiscal Years ¹

Function	Fiscal Year			
	1999	2000	2001	2002
Police				
Physical Arrests	n/a	342	286	315
Parking Violations	n/a	1148	1103	892
Traffic Violations	n/a	547	721	827
Fire				
Number of Calls Answered	115	78	88	103
Highways and Streets				
Street Maintenance (Blocks)	130	115	133	64
Street Reconstruction (Blocks)	4	-	-	22.6
Building Permits				
Number	354	416	368	383
Value	\$ 11,944,860	\$ 33,545,862	\$ 14,143,415	\$ 14,867,213
Permit Fees	\$ 51,031	\$ 79,855	\$ 65,612	\$ 69,099
Sanitation				
Solid Waste Collected (tons)	4,078	3,758	3,624	3,793
Recyclables Collected (pounds)	1,981,680	2,156,765	1,942,798	1,828,084
Water				
Water Pumped (in thousands of gallons)	479,349	390,976	371,024	364,192
Water Billed (in thousands of gallons)	367,762	327,592	259,232	263,336
Percent Accountable	77%	84%	70%	72%

Source: Annual reports from each department.

Notes:

¹ Indicators are not available in all areas for all ten years.

Fiscal Year					
2003	2004	2005	2006	2007	2008
375	385	458	488	555	691
846	777	1006	911	840	1037
917	934	935	1087	1021	1516
102	103	118	100	131	135
94	133	120	110	100	120
10.6	9.7	4.8	15.1	2.85	7
336	375	355	362	404	357
\$ 41,115,598	\$ 35,655,597	\$ 32,289,223	\$ 19,223,833	\$ 55,475,429	\$ 12,722,997
\$ 113,815	\$ 122,646	\$ 115,576	\$ 78,111	\$ 147,000	\$ 70,269
3,814	4,129	4,028	3,985	4,143	4,532
1,812,570	1,819,223	1,885,863	1,812,279	1,836,893	1,892,803
408,101	389,947	336,927	320,782	333,907	352,075
282,336	290,155	262	267,137	271,203	268,325
69%	74%	78%	83%	81%	76%

City of Waverly, Iowa
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	1999	2000	2001	2002
Police:				
Stations	1	1	1	1
Patrol Units	4	4	4	4
Fire Stations	1	1	1	1
Sanitation				
Collection Trucks	3	3	3	3
Recycling Trucks				1
Highways and Streets				
Streets City Maintained (miles)	61	61	62	62
Culture and Recreation				
Parks Acreage	93	93	93	93
Parks	21	21	21	21
Miles of Recreational Trails	7	7	7	7
Swimming Pools	1	1	1	1
Libraries	1	1	1	1
Community Centers	1			
Airports	1	1	1	1
Golf Courses	2	2	2	2
Boat Ramps	2	2	2	2
Boat Docks	1	1	1	1
Skate Parks	1	1	1	1
Cemetery				
Cemeteries (acres)	40	40	47	47
Water				
Water Mains (miles)	60	60	60	60
Number of Service Connections	3,006	3,422	3,427	3,427
Daily Ave. Consumption in Gallons	1,196,373	1,049,333	948,000	1,059,000
Fire Hydrants	650	650	650	650
Maximum Daily Capacity (thousands of gallons)	7,000,000	7,000,000	7,000,000	7,000,000
Sewer				
Sanitary Sewers (miles)	60	60	60	60
Number of Treatment Plants	1	1	1	1
Number of Service Connections	2,904	3,427	3,427	3,427
Daily Ave. Treatments in Gallons	1,204,809	1,105,025	1,185,288	895,562
Maximum Daily Capacity (thousands of gallons)	2,330,000	2,330,000	2,330,000	2,330,000

Fiscal Year						
2003	2004	2005	2006	2007	2008	
1	1	1	1	1	1	1
4	4	4	4	8	8	8
1	1	1	1	1	1	1
3	3	3	3	3	4	4
1	1	1	1	1	1	1
63	64	65	67	67	67	67
100	110	115	120	120	120	120
21	22	23	24	24	24	24
7	10	10	10	10	12	12
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
2	2	2	2	2	2	2
2	2	2	2	2	2	2
1	1	1	1	1	1	1
1	1	1	1	1	1	1
47	47	47	47	47	47	47
60	64	64	66	66	68	68
3,422	3,214	3,323	3,353	3,447	3,527	3,527
1,107,583	1,071,000	923,088	881,000	914,814	961,750	961,750
650	587	587	634	640	660	660
7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
60	62	62	62	62	62	62
1	1	1	1	1	1	1
3,427	3,427	3,160	3,160	3,397	3,468	3,468
906,767	975,871	1,040,274	1,027,151	1,029,500	1,829,100	1,829,100
2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000	2,330,000

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, Members of the City Council
City of Waverly, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF WAVERLY, IOWA as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated December 12, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards, and those standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of Waverly Municipal Hospital or Waverly Light and Power (discretely presented component units). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our report on these financial statements, insofar as it relates to the amounts included for the discretely presented component units was based solely on the reports of other auditors.

Compliance:

As part of obtaining reasonable assurance about whether the City of Waverly's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the City of Waverly, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Waverly, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Waverly, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Waverly, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the City of Waverly, Iowa's financial statements that is more than inconsequential will not be prevented or detected by the City of Waverly, Iowa's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings as item II-A-08 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Waverly, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

The City of Waverly, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Waverly, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit. If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.

Certified Public Accountants

December 12, 2008
Le Mars, Iowa

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part I: Summary of the Independent Auditors' Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, and is considered to be a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance:

No matters were noted.

There were no prior year audit findings.

Significant Deficiencies:

II-A-08 Financial Reporting

Observation – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the City's financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation – The City should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the City's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion – Response accepted

Part III: Other Findings Related to Required Statutory Reporting

III-A-08 - Certified Budget – Expenditures for the year ended June 30, 2008 did not exceed amounts budgeted.

III-B-08 - Questionable Expenditures - We noted no questionable expenditures during our audit.

III-C-08 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

CITY OF WAVERLY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part III: Other Findings Related to Required Statutory Reporting (Continued)

III-D-08 - Business Transactions - Business transactions between the City and employees are detailed as follows:

<u>Name, Title</u>	<u>Transaction/Description</u>	<u>Amount</u>
Dennis Happel, Volunteer Fire Chief	Happel Excavating	\$481

This transaction does not appear to represent a conflict of interest since the total transaction was less than \$1,000 during the year.

III-E-08 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

III-F-08 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

III-G-08 - Revenue Bonds - No violations of revenue bond resolutions were noted.

III-H-08 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.